

**LGNSW
ANNUAL
REPORT
2014/15**

LOCAL GOVERNMENT NSW

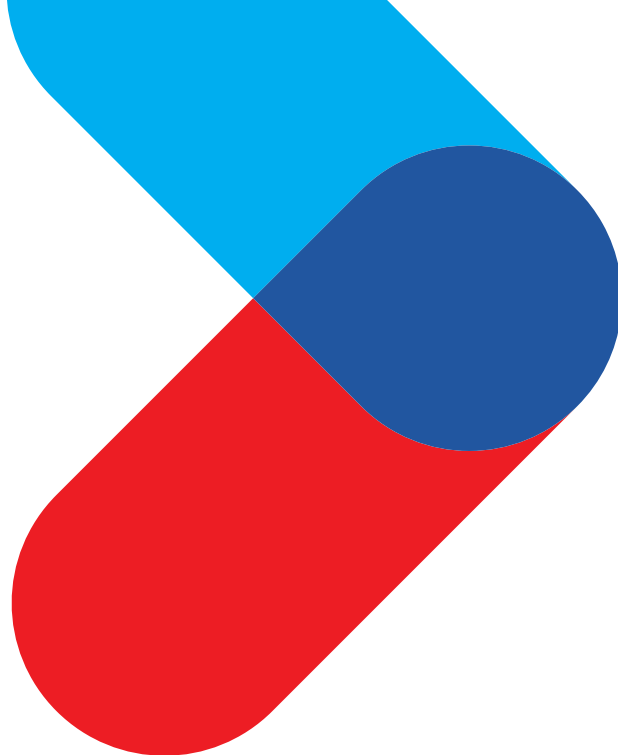
Local Government NSW (LGNSW) is the peak organisation that represents the interests of all 152 NSW general purpose councils, associate members including 12 special-purpose councils, and the NSW Aboriginal Land Council.

Our objective is to strengthen and protect an effective, democratic system of local government across NSW by supporting and advocating on behalf of members and delivering a range of relevant, quality services.

- Representing the views of local government to the NSW and Australian governments
- Providing effective, responsive and accountable leadership in our sector
- Providing a comprehensive range of high-quality services and policy advice to members
- Increasing the capacity of local government to deliver quality services
- Enhancing the profile of local government and building community trust and awareness.

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PRESIDENT'S MESSAGE



Strength, sustainability and solidarity: three words that sum up the focus of our sector in 2014/15.

As we end our second year as a successfully consolidated association, LGNSW has redoubled its commitment to ensuring the membership is strongly represented

throughout the biggest local government reform program in decades.

LGNSW supported members through the introduction of the new Local Government Award and campaigned hard on the issues of most importance to our sector during the 2015 state election. We commenced work with the Office of Local Government on the review of the Local Government Act. Federally, we joined the national battle to end the freeze on the indexation of financial assistance grants.

But above all else, LGNSW worked tirelessly to represent councils and their communities in the ongoing Fit for the Future reform process. Your representatives were instrumental at the start of this reform journey, and LGNSW has continued to fight for the broad-based council improvement program needed to build a truly strong, financially secure and sustainable local government sector.

We all agree on the destination. Where we may well differ from the NSW Government is on how we get there.

LGNSW supports continuous improvement in strategic service delivery and best-practice financial and asset management. We support voluntary, evidence-based structural reform. But we do not support the forced amalgamation of councils. We do not support any attempt to erode or override grassroots democracy. We do not believe any real or lasting improvement can be delivered to the people of NSW if we do not fix the funding first.

Throughout 2014/15 LGNSW and its members rose to the challenge posed by the NSW Government's agenda and its potential impact on grassroots representative democracy in this state. We have placed more focus than ever before on harnessing the collective strength of our membership, and on presenting one voice in our fight for the residents and ratepayers of NSW.

In this ongoing endeavour, the Board and I have been ably assisted by Chief Executive Donna Rygate, who was appointed to the role in August 2014. The new vigour and strategic focus Donna has brought to both advocacy and member services are delivering real results.

I'd like to thank Donna, my fellow board members, and the hardworking staff at LGNSW for their commitment to achieving the best outcomes for the residents and ratepayers we, as a sector, represent.

Keith Rhoades

CHIEF EXECUTIVE'S MESSAGE



I joined LGNSW in 2014/15 with a simple mission: to strengthen the voice of local government in NSW and to help our members best serve the residents and ratepayers they represent.

I am committed to ensuring that LGNSW meets the expectations of members and the community, performs effectively within the

resources it has and can generate, and delivers on the strategic intent as agreed by members and the Board.

This requires us to have an appropriate organisation structure, plan and culture.

In 2014/15 we finalised and adopted our first-ever strategic plan, based on four key pillars: advocacy, leadership, service delivery and support, and excellence. Flowing from this were 73 operational deliverables in the first year of implementation – all of which were achieved. We also reviewed our structure to improve the association's alignment with member needs.

We have become more active on the sector's behalf. In 2014/15, LGNSW ramped up its advocacy role, delivering 43 substantial submissions to state and federal governments, making 208 appearances before the industrial tribunal, and prosecuting our member's interests on 153 working parties, committees and advisory groups.

We are also working to improve and expand our member services. As sector reform proceeds, members' needs are likely to change so we are examining ways to make sure the services and support we provide are as targeted, effective, relevant and cost-effective as possible.

If LGNSW is to fulfil its vision as both the sword and shield of local government, we must also have a clear understanding of the individual challenges faced by you, our members. To this end, the President and I embarked

on a program of face-to-face member visits across the state. This ongoing program has helped ensure LGNSW is itself accountable and maintains a clear and unwavering focus on the services and support members need.

Already we have improved member communications through a regular President's message and we have dramatically boosted our media and online presence. We have conducted more than 250 forums, summits and training sessions, including the very well-attended boot camps supporting members to develop strong submissions as part of the Fit for the Future process.

We have a team of highly committed and talented people at LGNSW who, together with those members who have generously contributed their time and knowledge, have achieved a lot over the past year.

We have taken crucial first steps and begun to deliver results, but there is still a way to go if the sector is to take back the agenda and drive meaningful reform which genuinely benefits our communities. I look forward to continuing to deliver on this commitment, and I commend to you the following annual report.

A handwritten signature in blue ink, appearing to read 'Donna Rygate'. The signature is fluid and cursive.

Donna Rygate

2014/15 IN NUMBERS



1,000

delegates attended
the annual conference

43

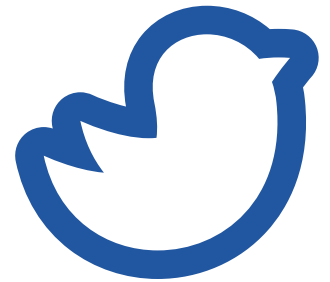
substantial submissions made to state
and federal governments on behalf of
the sector

760

LGNSW media
mentions
regarding Fit
for the Future

3,400

Twitter followers



500,000 website
visits

147

media releases
and statements
promoting the
sector and
supporting
advocacy issues

100%

of NSW councils are members



3,200

newsletter subscribers

153 working parties,
committees, advisory
groups with LGNSW
representation

73

people participated in
programs for mayors

166

participants in Fit for the Future bootcamps

90

regional council visits by LGNSW President and Chief Executive

950

attendees at LGNSW events and special-purpose conferences

208

industrial tribunal appearances

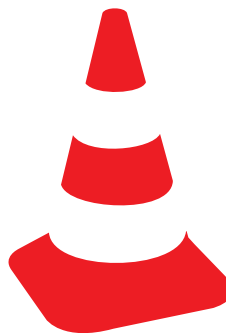
51

significant grants to member councils



4,173

eLearning program users



325

council managers and staff attended 12 LGNSW work health and safety seminars

458

attendees at public training workshops

110

subscribers to LGNSW HR Advance

BOARD



Sitting (l to r): Cr Leo Kelly OAM, Cr Zoe Baker, Cr Keith Rhoades AFSM, CE Donna Rygate, Cr Paul Braybrooks OAM, Cr Denise Osborne
Standing (l to r): Cr Jodie Harrison, Cr Paul Hawker, Cr William (Bill) Pickering, Cr Maria Woods, Cr Khal Asfour, Cr George Greiss, Cr Greg Matthews, Cr Lindsay Renwick, Cr Phyllis Miller OAM, Cr Ben Shields, Cr Lesley Furneaux-Cook, Cr Scott Lloyd, Cr Bruce Miller, Cr Chris Manchester, Cr Julie Hegarty. (Absent: Cr Michael Hawatt, Cr Con Hindi, Cr Fergus Thomson OAM, Cr Darriea Turley)

PRESIDENT

Cr Keith Rhoades AFSM
Coffs Harbour City Council

TREASURER

Cr Paul Braybrooks OAM
Cootamundra Shire Council

VICE PRESIDENT - REGIONAL / RURAL

Cr Bruce Miller
Cowra Shire Council

VICE PRESIDENT - METROPOLITAN / URBAN

Cr Con Hindi
Hurstville City Council

DIRECTORS - REGIONAL / RURAL

Cr Jodie Harrison
Lake Macquarie City Council

Cr Chris Manchester
Harden Shire Council

Cr Greg Matthews
Dubbo City Council

Cr Phyllis Miller OAM
Forbes Shire Council

Cr Denise Osborne
Greater Hume Shire Council

Cr Lindsay Renwick
Deniliquin Council

Cr Ben Shields
Dubbo City Council

Cr Fergus Thomson
Eurobodalla Shire Council

Cr Darriea Turley
Broken Hill City Council

Cr Maria Woods
Walcha Council

DIRECTORS - METRO/URBAN

Cr Khal Asfour
Bankstown City Council

Cr Zoe Baker
North Sydney Council

Cr Lesley Furneaux-Cook
Burwood City Council

Cr George Greiss
Campbelltown City Council

Cr Michael Hawatt
Canterbury City Council

Cr Paul Hawker
Campbelltown City Council

Cr Julie Hegarty
Pittwater Council

Cr Leo Kelly OAM
Blacktown City Council

Cr Scott Lloyd
Parramatta City Council

Cr William (Bill) Pickering
City of Ryde Council

STRATEGIC PLAN

VISION

The organisation for all things local government in New South Wales

VALUES

Professionalism – Demonstrate expertise and accountability

Integrity – Adhere to moral and ethical principles and practice

Progressiveness – Present new and innovative ideas

Inclusiveness – Consult, listen and lead

MISSION

To be the sword and the shield for local government in New South Wales

STRATEGIC PILLARS

Four strategic pillars guide LGNSW's decisions and directions and form the basis of our activity.

1. Advocacy

Represent the views of members to achieve outcomes for local government

2. Leadership

Provide strong and principled leadership for local government

3. Service Delivery and Support

Deliver outstanding member services

4. Excellence

An efficient organisation that demonstrates best practice across all areas



ADVOCACY

Representing the views of members to achieve outcomes for local government

STRATEGIC ADVOCACY

Effective strategic advocacy in the right areas

LOCAL GOVERNMENT REFORM

LGNSW's predecessor organisations, the Local Government and Shires Associations, initiated the last decade of local government reform when they commissioned the Percy Allan review in 2005. That review led the way and many positive changes for our sector followed. These included community strategic planning, integrated planning and reporting, total asset management, long-term financial planning, the cost shifting survey, and the Intergovernmental Agreement.

We also played a key role in the Destination 2036 process in 2011, in calling on the NSW Government to progress reform, and in the subsequent independent Local Government Review process.

Since the NSW Government's Fit for the Future (FFTF) program was announced (in September 2014), LGNSW has continued to vigorously and consistently defend the interests of our members and their communities. We have maintained a firm policy of supporting voluntary structural reform while stridently opposing *forced* council



amalgamations. While acknowledging and supporting councils' achievements in addressing those aspects within their own control, we have also repeatedly called for local government reform to address the real issue – financial sustainability.

Through our advocacy in 2014/15, we have achieved positive changes. We represented the sector on the FFTF Ministerial Advisory Group (MAG), participated in working groups and more than 20 consultations, prepared numerous submissions and reviewed various draft FFTF materials.

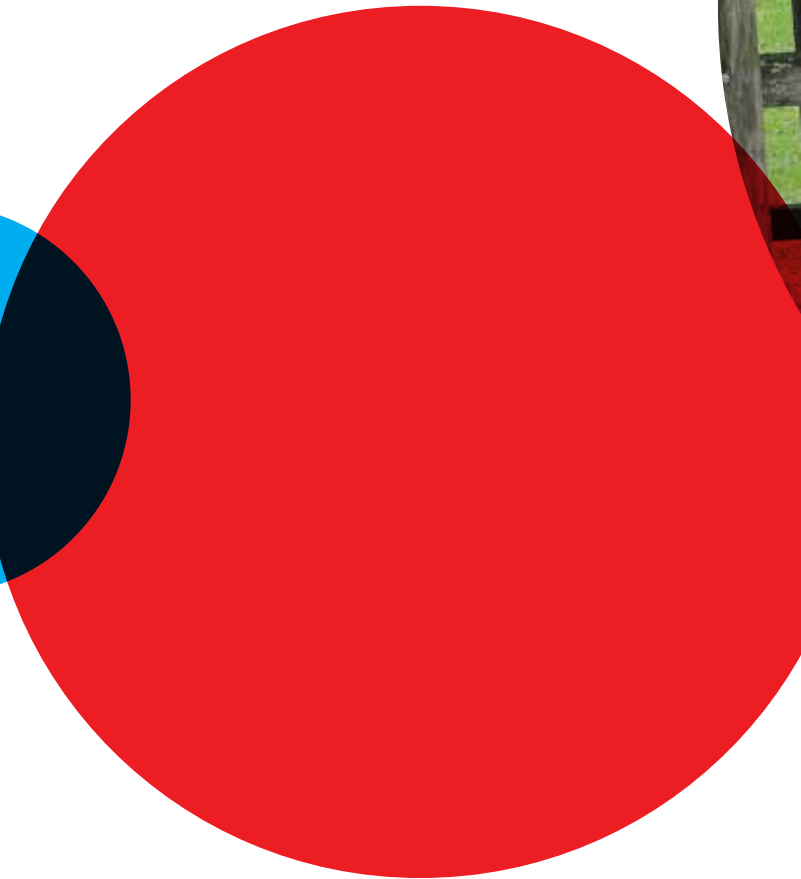
As a member of the MAG, we prepared, presented and gained support for papers on:

- The independent review of Fit for the Future assessment criteria
- The approach to ensure a balanced assessment of councils' FFTF proposals
- Local water utilities and the FFTF assessment
- The timeframe and methodology for establishing the expert assessment panel
- The status of rural councils
- Criteria and benchmarks - guidance and advice for the assessment panel.

Through these papers and other advocacy we successfully gained appointment of an expert with specific local government knowledge to the FFTF assessment panel. We attained further improvements to the methodology for assessment of councils' FFTF proposals through recognition by the Independent Pricing and Regulatory Tribunal (IPART) that not all FFTF criteria and benchmarks were equal, and through greater recognition of the importance of community consultation and social factors. In addition, IPART modified the approach to assessing local water utilities and the NSW Government replaced the originally-proposed rural council structural model with a non-structural rural council template. Also, financial assistance grants were included in assessment of own-source revenue for rural councils. As a result of LGNSW's advocacy, there is also some provision for IPART to seek further information from councils during the assessment process.

We also assisted members by running six of our own FFTF workshops at various locations around the state and compiling resources to help councils throughout the process.

Throughout, LGNSW has called upon governments to act on funding issues (including the rating system, rate



pegging, rate exemptions, regulated fees and charges, cost shifting and a fair go in terms of federal funding arrangements).

Our supporting communication campaign delivered 760 media hits in the lead up to June 30, along with extensive social media activity and community outreach. The campaign's key messaging was included in all communications collateral. Statistically valid polling supporting the campaign was promoted through key media outlets and at stakeholder events. In addition, a toolkit, incorporating communication templates and guidelines for submissions to both IPART and the parliamentary inquiry, was made available to members for use and distribution to stakeholders.

LGNSW also prepared a comprehensive submission for the NSW Legislative Council Inquiry into Local Government in NSW.

REPRESENTING LOCAL GOVERNMENT

LGNSW continued to advocate on a wide range of other issues throughout the year, providing high quality policy and strategic advice while also generating ideas and positions on key issues facing the sector.

In 2014/15 we made 43 substantial submissions to the NSW and federal governments on legislation, policy or program changes that affect local government (detailed throughout this report). Our submissions and policy documents bring together research insights and robust analysis.

In addition, LGNSW board members and staff participated on around 153 working parties, boards and committees at both state and federal levels. Through this representation we were able to drive and keep track of change and provide early input into many plans, decisions and projects.



IR & EMPLOYMENT

Represent and promote local government employer interests

INDUSTRIAL AWARDS

LGNSW continued to represent and promote members' interests as employers in the maintenance and variation of NSW and federal industrial awards.

After the Local Government (State) Award 2014 commenced in July 2014, LGNSW held 18 briefing sessions in Sydney and across rural and regional NSW to inform councils of the changes. We also represented members' interests during the 2014 State Wage Case. This resulted in the NSW Industrial Relations Commission (NSWIRC) varying pay rates and allowances in NSW awards, including the Local Government (Electricians) State Award and approximately 10 other awards potentially applying to NSW local government. We also appeared in the 2015 State Wage Case in which the NSWIRC is reviewing Wage Fixing Principles that establish the underlying rules for making and varying industrial awards.

In addition, LGNSW played an active role in the four-year review of the federal Local Government Industry Award 2010. LGNSW made submissions and represented employer interests during proceedings before the Fair Work Commission, meeting with state and territory local government associations, negotiating with unions and contributing to the draft of award amendments.

WORKING WITH MEMBERS

LGNSW staff attended more than 400 meetings covering a range of industrial issues including sector reform, changes to industrial relations and employment-related legislation, resolving grievances and disputes, and negotiating enterprise awards and agreements.

In addition, LGNSW coordinated 12 seminars to improve councils' awareness and understanding of their obligations under the *Work Health and Safety Act 2011*.



DEMOCRACY

Work to ensure NSW has a local government system based on the democratic principle of election of the governing body from, and by, the community at large, and organisational structures and processes to support that system

STATE ELECTION PRIORITIES

In December 2015 LGNSW called on all parties and candidates contesting the NSW election to support its State Election Priorities 2015 for local government. Those priorities covered an integrated program of initiatives central to the sector's ongoing viability. Our document highlighted major issues impacting councils and proposed solutions under seven key themes: greater autonomy in governance, autonomy in council revenue raising, fair funding for shared infrastructure and service responsibilities, agreed pathways on voluntary structural reform, mutual positioning on social policy priorities, improved environmental legislation and settings, and balanced land use planning. LGNSW published the priorities document and sent it to major parties, sitting members, and councils, and promoted it heavily through the media. We sought and received responses from the major parties and the NSW Government. LGNSW continues to lobby on many of these issues.

FEDERATION REFORM

LGNSW established a working group to canvass issues and began work on submissions to the federal government for the White Paper on the Reform of the Federation and the Taxation Reform White Paper (due in 2015/16). LGNSW represents NSW in the Australian Local Government Association (ALGA) and has supported ALGA's call for direct federal funding of local government (particularly through Financial Assistance Grants) to continue, to be increased to an adequate level, and to be protected (such as from the recent indexation freeze imposed by the Federal Treasurer).

LGNSW also provided input into the first-ever major national survey of public officials and policymakers on the future of Australia's system of government. Led by Griffith University's Centre for Governance and Public Policy, this important research project has the potential to set the reform agenda for years to come.



FINANCE & ECONOMIC DEVELOPMENT

Support members in pursuing i) financial sustainability through autonomy in revenue raising, fairness in government funding, and managing financial systems appropriately and ii) economic development in line with whole-of-state development principles

REVIEW OF RATE EXEMPTIONS

LGNSW commissioned Deloitte Access Economics to review current rate exemption provisions. Many exemptions provide financial benefits to organisations' business enterprises that are no longer justified. They fail tests regarding the principles of optimal taxation, including equity and efficiency. The report supported criticisms that local government has made many times and recommends the removal or redesign of many rate exemption provisions. The report was provided to the Independent Local Government Review Panel and the NSW Government.

ELECTRICITY PRIVATISATION

During the year LGNSW made submissions opposing electricity network privatisation and, when this was inevitable, called for local government to be involved in determining local and regional infrastructure investment priorities. LGNSW argued that local government be a key partner in implementing Rebuilding NSW, and that the NSW Government should work with the sector to develop

and deliver the plan. In this context, LGNSW also raised the inadequate regulation of street lighting by soon-to-be-privatised electricity network providers, obstacles to the installation of energy efficient lighting infrastructure, and inadequate maintenance in road corridors.

NATURAL DISASTER FUNDING

LGNSW has long advocated that increased spending on natural disaster mitigation and resilience will generate long-term savings, and also that both the federal and NSW governments must maintain financial support for mitigation, resilience and recovery.

The Australian Productivity Commission conducted a public inquiry into the efficacy of national natural disaster funding arrangements. In September 2014 it released a draft report proposing reforms and recommendations, many impacting local government. LGNSW provided a submission urging the Commission to take into account the exposed position of local government when finalising its recommendations.

PLANNING & ENVIRONMENT

Support members with their pursuit of enhanced local natural and built environments, and wider environmental sustainability

PLANNING REFORM

During 2014/15 LGNSW took a lead role representing the sector's interests in the ongoing planning reform process. As the NSW Government progressed a number of reforms at a policy rather than legislative level, we provided continual feedback through regular meetings with the NSW Minister for Planning and senior Department of Planning and Environment staff.

SYDNEY METROPOLITAN PLAN

In 2014 the NSW Government announced it would establish an independent Greater Sydney Commission (GSC) to implement A Plan for Growing Sydney, and to oversee the development of six sub-regional plans. The Commission proposal represents significant change to plan-making governance and infrastructure delivery. LGNSW supports the role of the planned GSC in ensuring NSW Government agencies work together towards the timely provision of infrastructure that supports appropriate growth, provided local government has a strong role and that there are no adverse impacts upon local planning. As the NSW Government has been seeking our input into how the Commission should work, LGNSW has been seeking greater clarification and transparency, especially around membership and representation.

RESIDENTIAL FLAT DESIGN

LGNSW made submissions to the State Environmental Planning Policy No 65 (Design Quality of Residential Flat Development) review and provided suggestions for the associated Apartment Design Guide. In line with LGNSW's position, the final Apartment Design Code included more acceptable car-parking benchmarks for apartment buildings near railway stations than those originally proposed.

ePLANNING

LGNSW is working with the Department of Planning and Environment on the development and implementation of ePlanning in NSW. Our staff sit on the department's e-hub steering committee, giving councils a voice. Over the past year, and in previous years, we have been engaging with

the department about the development of the ePlanning Roadmap, the Electronic Housing Code, which now embraces the majority of NSW councils, and the ongoing development and rollout of the Planning Portal.

ePlanning is delivering benefits to communities, councils and businesses by simplifying the planning process, making more information readily available, reducing the costs of planning processes and improving efficiency.

RESEARCH

LGNSW conducted a substantial research project on community engagement by councils during strategic planning. Our report, *Involving Locals in Local Plan Making*, received favourable coverage in the media, and revealed positive change and innovative practice by councils across NSW.

ENVIRONMENTAL ADVOCACY

LGNSW holds regular liaison meetings with the NSW Environment Protection Authority (EPA) and the Office of Environment and Heritage (OEH) to discuss and work on issues of common interest. LGNSW signed a memorandum of understanding with the EPA, which included an agreement to fund a waste policy officer to support and work with councils on litter, illegal dumping and broader waste-related matters.

Over the year LGNSW represented local government in numerous policy forums: to promote the work and skills of the sector in the environment and planning space, provide a local government perspective, and provide input into reforms. LGNSW actively participated in the NSW Roadside Environment Committee, Waste Less Recycle More technical assessment panels, the Australian committee providing input to the International Standard for Sustainable Procurement and the Heads of Asbestos Coordination Authorities Working Group.

In 2014/15 LGNSW made submissions on the following environmental issues:

- Extension of Waste Levy Options Paper
- National TV and Computer Recycling Scheme Operational Review

- Changing Behaviour Together: NSW Waste Less Recycle More Education Strategy 2015-17
- Draft Environmental Guidelines: Solid Waste Landfills
- Underground Petroleum Storage Systems Regulation
- Proposed Framework for Early Collected Carbon Tax from Landfill Operations
- Senate Inquiry into Stormwater Resources in Australia
- Climate Change (UNFCCC) Taskforce into Setting Australia's post-2020 target for greenhouse gas emissions
- Environment Operations (Clean Air) Amendment (Heaters and Fireplaces) Regulation 2015 (NSW)
- Proposed directions, socio-economic considerations and community involvement in creating new national parks and reserves in NSW
- Proposed framework for a NSW Biosecurity Act
- Policy and Guidelines for Fish Habitat Conservation
- Flying Fox Camp Management Policy 2014: Consultation draft.

VEGETATION CLEARING

When the draft 10/50 Vegetation Clearing Code of Practice was publicly exhibited, LGNSW submitted that it required further definition and clarification. LGNSW also warned of unintended consequences and asked the Rural Fire Service (RFS) to take account of council feedback. As a result, the RFS extended the consultation period and provided more information so stakeholders could provide fully informed feedback.

CONTAINER DEPOSITS

LGNSW has been campaigning for a container deposit scheme (CDS) for many years, given the potential savings to local government in litter management as well as environmental and other benefits. In February 2015 the NSW Government announced that in 2017 it would introduce a CDS to recycle drink containers. Our role has been recognised with an invitation to participate in the NSW Government's CDS Advisory Committee which will inform the scheme's design.

ASBESTOS

Over the year we have worked closely with and been part of the Heads of Asbestos Coordination Authorities (HACA), which is tasked with implementing a statewide asbestos plan. We have provided training and assistance to councils as they develop, adopt and implement their own asbestos policies. More than 75 per cent of councils have developed, or are now developing, policies.

LGNSW also worked with the HACA to disseminate information to councils on naturally occurring asbestos (NOA). LGNSW held three free forums for councils to discuss improved mapping of NSW areas with potential for NOA, implications for land use planning, case studies and legal obligations.

LOOSE-FILL ASBESTOS INSULATION

LGNSW made representations to the Parliamentary Joint Select Committee inquiry into loose-fill asbestos insulation. We were also on the Loose-Fill Asbestos Insulation Taskforce which was set up by the NSW Government to recommend a plan for a voluntary government purchase and a demolition scheme for homes. Being on the taskforce gave us the opportunity to represent the views of councils and ensure solutions would be workable, particularly in relation to planning certificate notations and keeping registers.

BIODIVERSITY LEGISLATION REVIEW

The NSW Government established an Independent Biodiversity Legislation Review Panel in June 2014 to review the legislative framework for threatened species and native vegetation management in NSW. We responded to the panel's issues paper after consulting with councils and met with the panel in September. After the release of the panel's final report and recommendations, LGNSW made representations to the Minister for the Environment and to the OEHL. While broadly supportive of some aspects, LGNSW was concerned about the proposed role for councils in managing some native vegetation clearing for new agricultural development through the *Environmental Planning and Assessment Act 1979*. LGNSW has continued to liaise with OEHL about any roles identified for councils in the new streamlined approach to managing biodiversity.

LGNSW ENVIRONMENT AWARDS

Every year the LGNSW Excellence in the Environment Awards recognise outstanding local government work in managing and protecting the environment. The 2014 awards attracted a record 98 entries from 57 councils. More than 160 people attended the presentation luncheon. Lake Macquarie Council won the main category in the 2014 awards for its commitment to embedding sustainability across all of council and significantly reducing its ecological footprint. A full list of winners in all 15 categories was published on the LGNSW website.



ROADS & INFRASTRUCTURE

Support members to achieve better road and other infrastructure management

REPRESENTATION

LGNSW maintains regular contact with key government departments and other stakeholder organisations regarding roads and infrastructure. We are represented on the RMS Local Government Liaison Committee, the NSW Road Freight Industry Council and the NSW Road Safety Advisory Council. We also provide policy advice and support through our membership of the Institute of Public Works Engineering Australasia Roads and Transport Directorate Management Committee – an important organisation of councils with local road responsibilities. The Roads and Transport Directorate in turn provides valuable technical and operational guidance and advice to member councils.

FUNDING

In 2014/15 there were significant increases in federal road and bridge funding. These included a \$98 million boost for the Roads to Recovery program, \$22 million for the Black Spots program, and \$22 million under the Bridges Renewal program. Additionally, the NSW Government announced \$43 million for the first tranche of its Fixing Country Roads program. These vital funding outcomes acknowledge the many years of active advocacy by LGNSW and councils around the infrastructure funding backlog facing councils, as more and more demands are placed on local roads and bridges.

TRANSPORT DISABILITY STANDARDS

LGNSW provided a submission to the Review of the Disability Standards for Accessible Public Transport calling upon the federal government to provide funding and

resources to help councils comply with its new standards for the provision of accessible bus stops and associated infrastructure. The review acknowledged that councils bear a large part of the burden of providing the required infrastructure with little or no financial assistance. As a result, the Australian Government has committed to update the standards in close consultation with industry, all spheres of government and the disability sector.

WATER

LGNSW maintains a strong relationship with the Urban Water Group in the Department of Primary Industries – Water, which regulates and funds council-owned and operated local water utilities. This helps us identify funding needs and influence NSW Government policy on best practice water supply and sewerage service provision. A major success this year was the establishment of a \$110 million funding program for backlog projects in 71 communities across NSW that had not previously been allocated subsidies under the Country Towns Water Supply and Sewerage Program.

LGNSW continues to be represented on the Water Directorate Executive Committee, providing policy advice and support to this very important organisation of councils with local water utilities.



SOCIAL POLICY

Support members in their pursuit of social policy via application of four principles: Equity, Rights, Access and Participation

SOCIAL JUSTICE

LGNSW has been actively representing members in their pursuit of social justice through submissions and other input on: federal and NSW government funding for ageing and disability positions, the NSW Disability Inclusion Plan and Guidelines, NDIS information linkages and capacity building, the Commonwealth Home Support Programme policy, and National Aboriginal Constitutional Recognition.

HUMAN AND CULTURAL SERVICES

In the face of significant local government reform, LGNSW has been working with councils on a range of issues including the future positioning of their human and cultural services. In April 2015 LGNSW surveyed member councils about their community services. Around 60 councils responded and LGNSW published a report covering issues such as changing demand, and policy and legislative impacts. The report identified key issues for councils and has informed direction for future research on the economic and social benefits of councils' investment in community infrastructure.

AGEING

Throughout the year, LGNSW had an active role on the NSW Ageing Strategy interdepartmental committee. Our participation informed the strategy's evaluation and provided input for the development of future statewide ageing strategies.

In addition, strong LGNSW advocacy has resulted in continued federal funding for council ageing and disability officers for at least the next two to three years.

DISABILITY

Over the year LGNSW was actively involved in the development of the NSW Disability Inclusion Plan and Action Planning Guidelines, and provided advice on implementation of the *NSW Disability Inclusion Act 2014*.

LGNSW also developed a position statement, articulating the role of local government in supporting people with disability to participate in their communities.

We also participated on the reference group for the International Day of People with a Disability which provides input on themes, key messages and marketing materials for the annual Don't DIS my ABILITY campaign.

ABORIGINAL ISSUES

In February 2015 LGNSW gave evidence at the public hearing for Constitutional Recognition of Aboriginal Australians. We also developed a position statement supporting recognition, amplifying LGNSW's Board and conference resolutions.

We continued to represent the interests of councils through our membership of the NSW Aboriginal Communities Water and Sewerage Program steering committee. This \$205 million program spanning 25



years is delivering essential infrastructure to 61 discrete Aboriginal communities.

We also sat on the Sustainable Waste in Aboriginal Communities Reference Group, an interagency working group which is guiding the development of the Waste Aid Program for Discrete NSW Aboriginal Communities. This program aims to develop strategies to improve waste management, increase recycling and tackle litter and illegal dumping in disadvantaged Aboriginal communities. A pilot program commenced in Bourke prior to state-wide rollout.

LGNSW is also an active member of the Aboriginal Reference Committee of Museums and Galleries of NSW and assisted the NSW Local Government Aboriginal Network with its annual conference held during 2014 in Narrandera.

ARTS AND CULTURE

In 2014/15 LGNSW took a leadership role, representing members on the National Local Government Cultural Forum Executive – an initiative linking councils with federal government priorities. We successfully raised the issue of collecting data about the role of local government in arts and culture through national collaboration, ensuring a sound evidence base for future advocacy on arts and culture investment.

LIBRARIES

LGNSW continued to make a strong contribution to the Public Libraries Consultative Committee (a subcommittee of the NSW Library Council). LGNSW supported the library funding campaign run by the NSW Public Libraries Association calling for increased recurrent funding for public libraries to reach a new target of \$30 million annually, indexed each year thereafter.

In the 2014/15 budget, for the first time in years, funding increased slightly to \$27.5 million (from \$26.6 million in 2013/14). Funding for 2015/16 remains static at \$27.5 million.

LGNSW remains concerned about the continuous decline in real terms of NSW Government support for council libraries. NSW Government expenditure on local government libraries has decreased as a proportion of total public library expenditure, from 23.6 per cent in 1980 to 7.7 per cent in 2012/13.



PROFILE

Maintain a high positive public profile of local government and LGNSW

WEBSITE

LGNSW's website remains a focal point for those wishing to keep abreast of local government developments. In 2014/15 the website gained nearly half a million page views – an increase of 18 per cent on the previous year. Popular pages included those relating to local government reform, our weekly newsletter, the annual conference and LGNSW's training services. This year LGNSW started to include richer content on its site including more imagery and videos of council case studies. Traffic on LGNSW's made-for-mobile site grew by 34 per cent, showing that the stripped-down interface introduced in 2013 continues to be popular and gives smartphone users the opportunity to check in with LGNSW while on the go.

SOCIAL MEDIA

LGNSW continues to use social media to complement more traditional communication methods and boost engagement with journalists, councillors, council staff, members of parliament and other key stakeholders.

In 2015, through regular and informative tweets, LGNSW increased its followers by 34 per cent to 3,400. We also posted regularly on LinkedIn to further expand our social media footprint and encourage people to engage with our website. LinkedIn offers LGNSW the opportunity to reach career-oriented professionals who may not have Twitter accounts. Over the past year LGNSW increased LinkedIn connections by 145 per cent.

MEDIA

LGNSW continues to maintain a strong, proactive presence via traditional and social media. During 2014/15 we issued 147 media releases and statements on many subjects, with activity peaking in August 2014 (Local Government Week), March 2015 (NSW state election), and June 2015 as activity around the Fit for the Future reform

process intensified. We also responded to more than 100 media-generated inquiries relating to local government. Hit tracking, which measures the success and penetration rate of LGNSW-generated media activity, was introduced in June 2015 and this will make accurate reporting easier. However, extrapolation of media hits from January to June 2015 produced an estimated full-year hit rate of around 480 stories (print and broadcast), reflecting good media penetration. In the last quarter we also conducted focus groups with council communication staff to develop a Fit for the Future toolkit of sample media releases and other collateral, which was published on our website and communicated via our Google network.

LOCAL GOVERNMENT WEEK

Every year many councils take part in Local Government Week to showcase their day-to-day work to their communities. More than 60 councils participated in Local Government Week 2014 during August, holding activities and events such as open days, tours, information sessions, discounted pet micro-chipping, morning teas and IT classes. LGNSW supported these initiatives by providing councils with template posters, ideas for activities and media releases. We also coordinated a state-wide Twitter campaign.

Local Government Week culminated with the LG Week Awards evening and dinner, held at Parliament House on 7 August in partnership with the Heart Foundation of NSW and the Office of Communities. Three groups of awards were presented on the evening: LGNSW's RH Dougherty Awards, the Heart Foundation Local Government Awards, and the Youth Week Awards. The event was attended by over 260 council delegates and special guests. For more information about the RH Dougherty Awards see p. 23.



LEADERSHIP

Provide strong and principled leadership for local government

INNOVATIVE LEADERSHIP

Address the sector's strategic challenges through effective and innovative leadership

BOARD WORKING COMMITTEES

In February 2015 the LGNSW Board established five working committees to provide a mechanism for board members to contribute their specialist skills, knowledge and perspectives to focus in more detail on high-level strategic issues. The committees cover Fit for the Future and the Local Government Act Review, local government funding and federation reform, the Human and Cultural Services Framework, workforce development and industrial relations, and planning and environment.

REGIONAL AND RURAL ISSUES

Responding to the unique needs of country members and a commitment made when the two previous associations merged, LGNSW hosted a rural and regional workshop in 2015 to discuss issues and frame advocacy strategies. The same option was offered to metropolitan councils. Prior to the rural and regional workshop, LGNSW sought members' input on key themes for discussion. Rural and

regional councils nominated topics including reform, funding, valuing rural wellbeing, rural roads, local water utilities and biodiversity planning. Keynote presentations were made by the Minister for Planning, the NSW Local Government Grants Commission and the Office of Local Government. Roundtable discussions were held for western, inland, coastal and regional city councils. The workshop was attended by more than 120 elected members and general managers.

EVALUATION OF SUBMISSIONS

A mechanism was developed during the year for reviewing and assessing the effectiveness of submissions made by LGNSW. This was done to ensure that the reasons for success or otherwise in influencing policy or other agendas could be identified and used to inform future submissions or strategies for influencing government and other stakeholders. The mechanism will be implemented in the coming year.

MEMBER ENGAGEMENT & INFORMATION

Engage and motivate members so they participate in, and derive benefit from, their involvement with LGNSW, by providing high-quality and timely information

ANNUAL CONFERENCE

More than 1000 mayors, councillors, general managers and senior local government staff attended the 2014 annual conference. The conference is the highlight of the local government year where attendees debate and determine policy, and explore issues facing the sector. The program included: addresses from the NSW Premier, the Minister and Shadow Minister for Local Government, the Chief Executive of NSW Roads and Maritime; and a Future Cities panel including the Urban Taskforce and the Western Sydney Business Chamber. Registration costs were subsidised through sponsorship and a trade exhibition.

WEEKLY NEWSLETTER

LGNSW's weekly newsletter provides members with up-to-the-minute advice and updates on relevant local government issues, grants, training and other news and opportunities of interest to the sector. The newsletter is valued highly by members. Readership by members and non-members (who can subscribe via the website) continued to expand. As at 30 June 2015 there were 3,200 subscribers. The newsletter links to information and submissions on the LGNSW website, encouraging members to use and engage with it.

TARGETED e-NEWSLETTERS

We also continued to grow subscribers for our more targeted e-newsletters, the most popular being our Land & Environment Court Reporter. In addition, our four policy-related e-newsletters – covering sustainability and sustainable procurement, natural resource management and waste – continued to grow in popularity.

COMMUNICATION AWARDS

The RH Dougherty Awards for excellence in local government communication were presented during Local Government Week at a dinner attended by 260 council representatives. In the category Excellence in Communications for councils with populations of less

than 30,000, Kempsey Shire Council was the winner. Wagga Wagga City Council won the award for councils with populations of 30,000 to 100,000. Warringah Council won the category for councils with populations of more than 100,000. In the category Reporting to Your Community, Tweed Shire Council, Holroyd City Council and Leichhardt Municipal Council won awards for excellence. An award for outstanding individual contribution was awarded to Pip Spence from Kiama Council. A full list of winners was published on the LGNSW website.

AR BLUETT MEMORIAL AWARD

The A R Bluett Memorial Award is the most prestigious in local government, recognising the most progressive councils in NSW in any given year, and representing the pinnacle of achievement. LGNSW supports the A R Bluett Trust in running the awards. The 2014 awards were presented in October at the LGNSW annual conference in Coffs Harbour. For the first time in 25 years, there were joint winners in the city, metropolitan and regional category, with Ku-ring-gai and Bankstown councils sharing the honours.

Ku-ring-gai Council, which promotes itself as "Sydney's Green Heart", received an award for its strong and widespread emphasis on sustainability across financial, environmental, social and governance issues. Bankstown City Council in a multicultural area close to the geographic heart of Sydney, received an award for its sound management of, and innovation in, recent major community development infrastructure initiatives, as well as its youth engagement projects.

Cootamundra Shire Council won the rural category for its sustained progress over several years on development projects that foster a sense of engagement with its community. The Trustees also made special mention of the efforts of Warringah, Tumut and Upper Lachlan Shire councils.



SERVICE DELIVERY & SUPPORT

Deliver outstanding member services

MEMBER SERVICES

High quality services that our members want, need and use

Throughout the year, LGNSW's staff provided advice to member councils on a wide range of issues, distributing up-to-the-minute commentary and updates on policy and

legislative developments of interest to the sector. LGNSW also held events, training, forums and conferences focusing on specific technical and specialist areas.

POLICY

Provide advice, information, capacity building and other support to members in all major functional and/or policy areas

DISABILITY AND COMMUNITY FORUMS

In September 2014 LGNSW hosted a Disability Inclusion and Liveable Communities Forum attended by 180 local government participants. The forum highlighted local government responsibilities under the *NSW Disability Inclusion Act 2014*.

In May 2015 LGNSW hosted a Local Government and Community Care Forum, attended by 100 local

government participants, which focused on the future role of councils in providing community care services.

WATER MANAGEMENT CONFERENCE

More than 180 attendees from councils, government and industry took part in LGNSW's 2014 Water Management Conference held in the Port Macquarie-Hastings region. The conference aimed to facilitate discussions on water policy and water management from



a local government perspective, particularly on issues associated with water supply and sewerage services provided by councils' water utilities.

This annual event continues to build capacity in the local government water sector. Each year its program rates highly, indicating that the conference continues to be very successful in providing a forum for relevant information and discussion.

LEGAL ADVICE AND ASSISTANCE

LGNSW provides high-level legal policy advice to mayors and general managers on a wide range of issues affecting local government. Throughout the year councils requested advice on diverse topics, such as: liabilities of merged councils, councillor and staff pecuniary interests, swimming pool registers, companion animals, safety vests for rock fishermen, rating of commons and irrigable land, council meeting procedures, privacy and code of conduct matters, signage, power of entry of council officers, tree management, burials on private land, easements, and use of drones in filming.

LGNSW also represents the local government sector's interests on special purpose working groups including the Jemena Gas Network Customer Council and the Swimming Pools Safety Working Group.

We coordinate a legal assistance scheme (supported by a policy and guidelines). Through this scheme, we coordinate contributions to court costs from councils, for specific councils that are contesting issues of sector-wide importance.

LGNSW TOURISM CONFERENCE

The LGNSW Tourism Conference presents an opportunity for councillors and staff to meet, listen to experts and peers, and to find out how other councils are engaging with and managing their tourism industry. Since its inception in 2005 the conference has been hosted in regional, metropolitan and coastal regions across the state, in partnership with Destination NSW.

In 2015 the conference was held in Bathurst and was attended by 190 people. Highlights of the conference included site visits to four major tourist attractions in Bathurst and professional development workshops on running Visitor Information Centres, promoting educational, cultural and sports tourism, and on precinct development and its relevance for regional areas.

AGE-FRIENDLY PLANNING TOOLKIT

In 2014/15 LGNSW developed and distributed an Integrated Age-Friendly Planning Toolkit for Local Government in NSW in partnership with the NSW Office



for Carers, Ageing and Disability Inclusion in NSW, and the NSW Department of Family and Community Services (FACS). The kit was designed for council staff involved in creating age-friendly environments and communities, including: planners, community service providers, engineers, architects, open space and recreation workers, parks managers, asset managers, traffic and transport engineers, and public works engineers. It contains advice on engaging with older people, examples of age-friendly actions to be included in council plans and strategies, and guidance on age-friendly land use planning.

CREATIVE AGEING GRANTS

LGNSW managed grants under the Creative Ageing Grants program, with funding provided by FACS. Under the program, \$100,000 was provided to 24 NSW council projects to increase the number of older people participating in creative activities. A number of these projects were showcased at the Seniors and Arts Symposium at Sydney's City Recital Hall as part of 2015 Seniors Week.

CREATING LIVEABLE COMMUNITIES

The Creating Liveable Communities Competition – funded by FACS and administered by LGNSW – was designed to make living in communities in NSW increasingly inclusive and enjoyable for older people, carers and people with disability. In December 2014 councils were invited to submit innovative ideas to design accessible and inclusive social and physical environments. On 24 February 2015 the Minister for Disability Services and the Minister for Local Government awarded 17 councils \$650,000 collectively to implement their projects. Winning entries addressed issues such as employment, participation, information and technology, and access to recreation and the arts.

CR PAT DIXON STUDY SUPPORT PROGRAM

The Cr Pat Dixon Study Support Program, administered by LGNSW, supports Aboriginal or Torres Strait Islander local government councillors, NSW Aboriginal Land Council state councillors, or community development/liaison workers in undertaking short courses. Funding of \$1,000 for four Aboriginal candidates was provided in 2014/15.



INDUSTRIAL REPRESENTATION

Assist members to meet their award and statutory obligations and to manage their staff effectively

REPRESENTATION BEFORE COURTS AND TRIBUNALS

LGNSW represented members in a broad range of industrial relations and employment-related matters before industrial courts and tribunals. In 2014/15 we were notified of more than 75 new matters, and represented members in 208 court and tribunal listings.

On behalf of state and territory local government associations, LGNSW represented local government employers in a major industrial case before the Fair Work Commission. This involved an application for equal remuneration, seeking a pay increase of up to 71 per cent for childcare workers.

LGNSW also made representations to the Local Government Review Tribunal's review of fees for mayors and councillors, advocating that they needed to be paid appropriately for the significant time they spend, not only on regular council business, but also in dealing with new, imposed requirements for corporate review and planning, Fit for the Future, and Joint Organisation pilots. In addition, we intervened in the NSW Road Safety Remuneration Tribunal's Inquiry into the waste management industry, which is considering limiting councils' ability to regulate waste contractors' hours of operation.



INDUSTRIAL ADVISORY

Provide members with support so they comply with their employer obligations and adopt good practice

MEMBER ADVICE

Throughout the year, LGNSW responded to a high volume of telephone, email and written requests for advice on award provisions and industrial relations, employment, human resource management and work health and safety issues. The most common enquires related to employee discipline, performance management, conducting effective workplace investigations, workplace change and redundancy, managing ill or injured workers, workplace bullying, and harassment and intimidation.

EMPLOYMENT LAW SEMINAR

More than 100 people attended LGNSW's annual Local Government Employment Law Seminar in Sydney in May 2015. Guest speakers briefed participants on topics such as conducting effective workplace investigations, managing employee performance, social media and employment, and contract-based claims. The seminar included a panel discussion on a range of employment-related issues of interest to councils getting ready for reform and potential mergers.

MEMBER TRAINING & CAPACITY BUILDING

Develop and deliver a program of public and in-house training, coaching and mentoring to address the current needs of members, councillors and council staff

PROFESSIONAL DEVELOPMENT

LGNSW coordinates a range of high-quality, cost-effective professional development options for our members. We work with councils, other members, regional organisations of councils, accredited training providers and expert training consultants to offer training programs, workshops, seminars and courses. All programs are tailored to the needs of local government and are delivered by presenters experienced in working with the sector.

Early in 2015 our suite of more than 40 programs was reorganised into four categories:

- Essential skills and knowledge
- Effective workplace relations
- Advancing local leadership
- Smarter local government.

A full program was published on our website.

PROGRAMS DELIVERED IN 2014/15

PROGRAM TYPE	PARTICIPANTS	NO. OF MEMBER ORGANISATIONS
Public Workshops	458	159
Executive Certificate for Elected Members	58	27
NSW HR Conference	115	74
Fit for the Future Programs	166	74
EAPA Conference	145	50
Employment Law Seminar	91	57
Mayors' Weekend Seminar	50	40
eLearning	4173	25

In addition, LGNSW delivered 167 days of in-house training across 68 councils.

NEW PROGRAMS

- Mayors' Weekend Seminar
- Directly Elected Mayors Network
- Making Community Governance Work
- Community and Stakeholder Engagement
- Applying for Jobs and Performing in Interviews
- Introduction to Local Government (eLearning)
- Managing People – Personality and Performance
- Know Your Planning

EXECUTIVE CERTIFICATE FOR ELECTED MEMBERS

LGNSW, in partnership with the UTS Centre for Local Government and TAFE NSW, offers a high-quality, accredited program for NSW elected members to help them understand their legislative responsibilities, and to build skills and capacity to have a positive and well-informed impact on council decision-making. During 2014/15 this program was offered four times and attended by 58 people. Participants reported that the program was practical, useful, well-targeted, thought-provoking, helpful in identifying areas for improvement, and provided excellent opportunities to interact with other councillors.



FIT FOR THE FUTURE WORKSHOPS

To support councils in preparing their Fit for the Future submissions, LGNSW held six workshops during 2015. These included: 'Amalgamations – To Merge or not to Merge?', 'Fit for the Future?', 'Proposal Bootcamp!', and 'Regional Collaboration and Shared Services – What Works'. These workshops were arranged quickly in response to a rapidly changing situation, providing important opportunities for councils to get support and share experiences.

HR CONFERENCE

The 2014 LGNSW Human Resources Conference, 'Innovation and Leading Practice', was held in Sydney in November and attended by 115 delegates spanning 74 councils. This annual event is designed specifically for local government human resources managers and staff, learning and development professionals, work health and safety officers, consultants, and council leaders.

PERSONAL AND EXECUTIVE ASSISTANTS' CONFERENCE

The LGNSW Personal and Executive Assistants Conference is an annual event held to inspire and empower local government staff to enhance their potential and performance. The conference also provides an opportunity for participants to share experiences and

network with colleagues from across local government in NSW. The 2014 conference, 'Change and Opportunity', was held in August in Sydney and attended by 157 people representing more than 50 councils.

MAYORAL MENTORING

In 2014/15, 14 mayors took advantage of LGNSW's Mayoral Mentor Program – a free and confidential service. This program is particularly useful for new or returning mayors who are seeking to improve their understanding of local government. The program also helps mayors who need assistance with difficult or complex issues. The current mentors, Genia McCaffery and Mike Montgomery, are both highly experienced ex-mayors.

The mayoral mentoring program dealt with a range of issue during the year including: negotiation, financial sustainability, special rate variations and community consultation, Fit for the Future, general manager and mayor relationships, managing councillor behaviour, code of conduct complaints, framing resolutions for the annual LGNSW conference, and conflicts of interest.



EXECUTIVE & SENIOR MANAGEMENT SERVICES

Support members' attraction and retention of quality executive and senior staff through recruitment, performance management and organisation review services

EXECUTIVE RECRUITMENT

In 2014/15 the number of local government general managers recruited in NSW dropped by 60 per cent compared to the previous year. Some councils decided to defer recruitment, opting instead to engage locum general managers or act senior staff until reform plans became clear.

During 2014/15 LGNSW recruited 10 executive and senior managers on behalf of member councils. LGNSW also placed three locum general managers and provided advice regarding acting arrangements.

We also developed a cost-effective, unbundled recruitment package so councils have the option of engaging our services at key milestones during the recruitment process rather than from end-to-end.

PERFORMANCE MANAGEMENT SUPPORT

LGNSW provided support and assistance for 48 general manager performance reviews. During the year we

developed a new performance management template. Following its introduction, feedback from councils and general managers was overwhelmingly positive.

REMUNERATION AND HR SURVEYS

LGNSW's Annual Remuneration Survey continued to attract strong participation from member councils with a total of 104 councils participating in the 2014/15 survey. The remuneration survey is a useful tool for councils in establishing their workforce plans and employee budgets. The annual general manager remuneration report is also well received with 94 per cent of councils purchasing copies.

LGNSW's HR Benchmarking Survey continues to be cost effective and popular with around 46 per cent of councils participating this year. LGNSW is also working with other state local government associations to develop and roll out a national survey.



EXCELLENCE

Demonstrate best practice across all key areas in an efficient organisation

GOVERNANCE & REPORTING

Put rigorous, quality governance and management frameworks in place

GOVERNANCE FRAMEWORK

In 2015 LGNSW commenced a review of its governance framework. So far this has involved a stocktake and gap analysis of policies and procedures already in place and the development of formal procedures relating to the appointment of directors to external boards and the rules governing the conduct of LGNSW Board elections.

ORGANISATIONAL DIRECTION

In 2014/15 LGNSW finalised and adopted its first strategic plan. The plan articulates our vision to be *the* organisation

for all things local government in NSW, and our mission to be the sword and shield for local government. The plan has four pillars of activity – advocacy, leadership, service delivery and support, and excellence. The plan is supported by a more detailed annual operational plan which identifies specific projects and activities. There were 73 operational plan deliverables for 2014/15 and all were achieved.



BOARD OPERATION

Maintain a cohesive, skilled and effective board

LGNSW BOARD

LGNSW's Board is responsible for the governance of the organisation between each annual conference (the conference being responsible for making policy for the Association).

The Board is established by the Rules of the Association and in 2014/15 comprised 24 members. The 2014 conference resolved to reduce this to 18 at the elections in October 2015.

During the year the Board met nine times and there were 10 meetings of the senior executive group.

CODE OF CONDUCT

As well operating in accordance with the LGNSW rules, the Board is governed by a code of conduct which was adopted in early 2015.

The code addresses matters such as honesty and integrity, conflicts and disclosures of interests, gifts and bribery, use of information, and the use of LGNSW resources and property.

FINANCIAL SUSTAINABILITY

A financially sustainable organisation

LONG-TERM SUSTAINABILITY

To continue to operate and provide quality services to members, LGNSW must protect its investments and seek new opportunities to maintain financial sustainability. As a not-for-profit organisation, many of LGNSW's services are cross-subsidised, therefore provided at well-below commercial rates and financial sustainability is essential.

In addition to maintaining its current services and staffing, LGNSW's cash flow must be able to withstand calls to fund planned and unplanned projects. In 2014/15 we appointed an external professional organisation, Mutual Ltd, to review and manage our investment portfolio. After the review the Board approved a change in the investment policy, redirecting 25 per cent of the portfolio, which was previously invested totally in fixed

income products, into equities. This was undertaken to partially offset decreasing interest rates.

LGNSW also continuously reviews its operational budget to identify savings.

MEMBER SUBSCRIPTIONS

In 2014/15 we conducted a review of our subscription structure and adopted a new fee calculation model to ensure a proper and fair distribution of fees between councils that was transparent, equitable, easy to understand and consistently applied. This meant fee increases for some councils and decreases for others. The overall fee income remained unchanged (aside from the annual three per cent increase).



CULTURE

Maintain a positive and strong organisational culture

PEOPLE

LGNSW employs 47.4 full-time equivalent (including 4.4 grant funded) staff. We make an effort to attract and retain highly-committed, specialist and technical people by offering flexible working conditions, encouraging work-life balance, and providing practical professional development and career enrichment opportunities. In addition, LGNSW staff are encouraged to stay up-to-date in their respective professional fields, and to maintain a broad external perspective. Our mix of full-time, part-time, temporary and casual staff enables LGNSW to manage fluctuating workloads efficiently. For more details see Employee Profile p. 41.

OUR STRUCTURE

At 30 June 2015 LGNSW was organised into four divisions: Policy, Workplace Solutions, Communications, and Corporate Services.

Local Government Procurement Pty Ltd is a wholly-owned subsidiary of LGNSW.

ORGANISATION REVIEW

Towards the end of 2014/15 we conducted a review of our organisational structure to identify ways to create a more streamlined, efficient, sustainable and high-performing culture. The creation of two key divisions, Advocacy and Member Services, will improve alignment of functions and activities with members' needs and our future strategic direction.

PERFORMANCE MANAGEMENT

LGNSW also developed a new performance management framework to facilitate greater accountability and to drive high performance. We will do this through consistently recognising good performance and by creating a clear line of sight for employees between their roles and the LGNSW operational plan. The framework is being rolled out in 2015/16.

OUR MEMBERS

ORDINARY MEMBERS

Albury City Council
Armidale Dumaresq Council
Ashfield Council
Auburn City Council
Ballina Shire Council
Balranald Shire Council
Bankstown City Council
Bathurst Regional Council
Bega Valley Shire Council
Bellingen Shire Council
Berrigan Shire Council
Blacktown City Council
Bland Shire Council
Blayney Shire Council
Blue Mountains City Council
Bogan Shire Council
Bombala Council
Boorowa Council
Botany Bay City Council
Bourke Shire Council
Brewarrina Shire Council
Broken Hill City Council
Burwood Council
Byron Shire Council
Cabonne Council
Camden Council
Campbelltown City Council
Canterbury City Council
Carrathool Shire Council
Central Darling Council
Cessnock City Council
City of Canada Bay Council
City of Ryde Council
City of Sydney Council
Clarence Valley Council
Cobar Shire Council
Coffs Harbour City Council
Conargo Shire Council
Coolamon Shire Council
Cooma-Monaro Shire Council
Coonamble Shire Council
Cootamundra Shire Council
Corowa Shire Council
Cowra Council
Deniliquin Council
Dubbo City Council
Dungog Shire Council
Eurobodalla Shire Council
Fairfield City Council
Forbes Shire Council
Gilgandra Shire Council
Glen Innes Severn Council
Gloucester Shire Council
Gosford City Council
Goulburn Mulwaree Council
Great Lakes Council

Greater Hume Shire Council
Greater Taree City Council
Griffith City Council
Gundagai Shire Council
Gunnedah Shire Council
Guyra Shire Council
Gwydir Shire Council
Harden Shire Council
Hawkesbury City Council
Hay Shire Council
Holroyd City Council
Hornsby Shire Council
Hunters Hill Council
Hurstville City Council
Inverell Shire Council
Jerilderie Shire Council
Junee Shire Council
Kempsey Shire Council
Kiama Municipal Council
Kogarah City Council
Ku-Ring-Gai Council
Kyogle Council
Lachlan Shire Council
Lake Macquarie City Council
Lane Cove Council
Leeton Shire Council
Leichhardt Municipal Council
Lismore City Council
Lithgow Council
Liverpool City Council
Liverpool Plains Shire Council
Lockhart Shire Council
Maitland City Council
Manly Council
Marrickville Council
Mid-Western Regional Council
Moree Plains Shire Council
Mosman Council
Murray Shire Council
Murrumbidgee Shire Council
Muswellbrook Shire Council
Nambucca Shire Council
Narrabri Shire Council
Narrandera Shire Council
Narromine Shire Council
Newcastle City Council
North Sydney Council
NSW Aboriginal Land Council
Oberon Council
Orange City Council
Palerang Council
Parkes Shire Council
Parramatta City Council
Penrith City Council
Pittwater Council
Port Macquarie-Hastings Council
Port Stephens Council

Queanbeyan City Council
Randwick City Council
Richmond Valley Council
Rockdale City Council
Shellharbour City Council
Shoalhaven City Council
Singleton Council
Snowy River Shire Council
Strathfield Council
Sutherland Shire Council
Tamworth Regional Council
Temora Shire Council
Tenterfield Shire Council
The Hills Shire Council
Tumbarumba Shire Council
Tumut Shire Council
Tweed Shire Council
Upper Hunter Shire Council
Upper Lachlan Shire Council
Uralla Shire Council
Urana Shire Council
Wagga Wagga City Council
Wakool Shire Council
Walcha Council
Walgett Shire Council
Warren Shire Council
Warrindah Council
Warrumbungle Shire Council
Waverley Council
Weddin Shire Council
Wellington Council
Wentworth Shire Council
Willoughby City Council
Wingecarribee Shire Council
Wollondilly Shire Council
Wollongong City Council
Woollahra Municipal Council
Wyong Shire Council
Yass Valley Council
Young Shire Council

ASSOCIATE MEMBERS

Castlereagh-Macquarie County Council
Central Murray County Council
Central Tablelands County Council
Far North Coast County Council
Goldenfields Water County Council
Hawkesbury River County Council
Lord Howe Island Board
MidCoast County Council
New England Tablelands (Noxious Plants) County Council
Richmond River County Council
Riverina Water County Council
Rous Water County Council
Upper Macquarie County Council



LOCAL GOVERNMENT PROCUREMENT



OVERVIEW

Local Government Procurement (LGP), established in 2006, is a wholly-owned subsidiary of Local Government NSW (LGNSW).

The General Manager is supported by 23 staff across three divisions. LGP comprises an operations team which provides procurement and training services, as well as specialist advice and support to councils and approved contractors. A contracts and tenders team provides contract management and skilled professional support for the short and long-term management and planning of LGP tenders. A marketing and administration team provides strategic administrative support and marketing for the organisation.

LGP provides fully-integrated procurement services including contract panels, procurement services, training and professional development and contract management. LGP is a prescribed entity under s55 of the *Local Government Act 1993* (NSW), which means that by making use of LGP supply arrangements, councils do not need to go to tender for values greater than the tendering threshold (as they would normally be required to do).

CONTRACTS

As at 30 June 2015 there were 27 contracts, encompassing 537 LGP approved contractors, available to councils. All councils can access LGP contracts. They are also available to not-for-profit organisations, universities, state government agencies and departments. In addition to these contracts there were 17 electricity and gas contracts in which councils nominated their intent to participate. There are 98 councils participating in these contracts.

In the 2014 calendar year councils and LGP-approved customers spent \$345 million through LGP contracts. Based on council expenditure for this period, LGP has refunded \$313,702 to councils through its rebate refund program. Over the past eight years LGP has saved NSW councils more than \$750 million, based on savings on the price of goods and services, plus the time saved in councils not having to undertake repeated tenders.



PROCUREMENT SERVICES

The procurement services team facilitates and manages end-to-end procurement processes with involvement from councils as required. Fourteen projects were completed during the year. A further 11 procurement services projects with six councils were in progress at the end of the financial year.

TRAINING AND PROFESSIONAL DEVELOPMENT

LGP runs a suite of nine procurement-focused workshops. Thirty-four workshops were conducted with 329 participants from 47 councils in 2014/15. The Certificate IV in Government (Procurement and Contracting) for Local Government was conducted in Sydney with 14 participants. The Diploma of Government (Procurement and Contracting) for Local Government was conducted in Sydney with seven participants.

CONFERENCE

The Annual Local Government Procurement Conference, 'Procurement – A Driver of Change', was held in November 2014 in Sydney, attended by 84 delegates and 20 exhibitors. In addition to the annual conference, three Local Government Procurement Network meetings were conducted. The annual conference and network meetings aim to bring procurement staff together, providing forums to discuss issues and ideas and improve practice.

AWARDS

The 2014 NSW Local Government New Procurement Professional and the NSW Local Government Procurement Professional Awards were presented at the conference. These annual awards, coordinated and sponsored by LGP, were presented to Christy Cantwell, Queanbeyan City Council and Bronwyn Challis, Canterbury City Council, respectively.

MENTORING

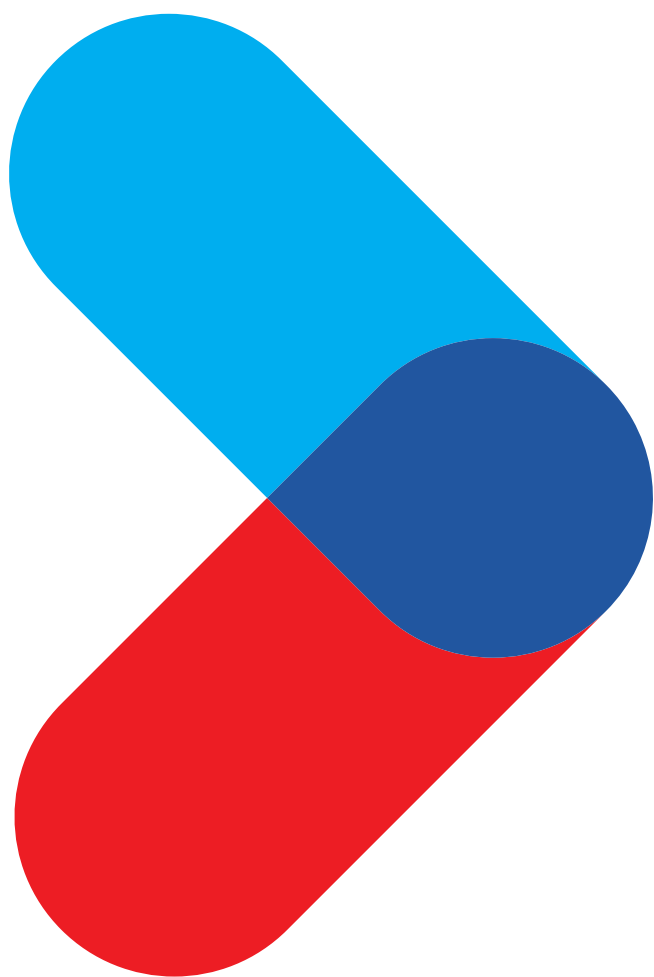
A new Local Government Procurement Mentoring Program was launched in September 2014 to support the development of new procurement professionals and strengthen peer networks and support. There are now 22 participants in the program.

SERVICES AND RESOURCES

LGP also provides procurement advice to councils about process and governance. Over the past year approximately 85 separate advices were provided.

Two special interest groups were established for the finance systems, Civica and Tech 1, to bring together council procurement staff to network and to work through common challenges such as the implementation of category codes, on-line requisitions, purchase card reconciliations, and more. The aim of these groups is to help develop consistent approaches, reducing the time and resources required to implement systems into council processes.

LGP has also been instrumental in working with the National Procurement Network to produce a nationally agreed set of finance category codes to help councils improve expenditure management. These codes, once implemented into councils' finance systems, will help councils to understand and report on procurement spend and collaborate regionally.



CORPORATE & COMPLIANCE INFORMATION

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CORPORATE INFORMATION

LEGISLATION AND RULES

LGNSW is registered federally under the Fair Work (Registered Organisations) Act 2009 (Cth) and in NSW under the Industrial Relations Act 1996. Each Act requires compliance with a set of rules which govern the way in which the Association is operated. The rules cover matters such as the objects and powers of the Association, membership, control and governance, the annual conference, the board and finance and auditing.

The rules are subject to continual improvement, and may only be amended by resolution approved at the annual conference.

BOARD

Cr Keith Rhoades AFSM*

President

Coffs Harbour City Council

Cr Paul Braybrooks OAM*

Treasurer

Cootamundra Shire Council

Cr Bruce Miller*

Vice President - Regional/Rural

Cowra Shire Council

Cr Con Hindi*

Vice President - Metropolitan/Urban

Hurstville City Council

Cr Khal Asfour

Bankstown City Council

Cr Zoe Baker

North Sydney Council

Cr Lesley Furneaux-Cook

Burwood City Council

Cr George Greiss

Campbelltown City Council

Cr Jodie Harrison

Lake Macquarie City Council

Cr Michael Hawatt*

Canterbury City Council

Cr Paul Hawker*

Campbelltown City Council

Cr Julie Hegarty

Pittwater Council

Cr Leo Kelly OAM

Blacktown City Council

Cr Scott Lloyd

Parramatta City Council

Cr Chris Manchester

Harden Shire Council

Cr Greg Matthews*

Dubbo City Council

Cr Phyllis Miller OAM*

Forbes Shire Council

Cr Denise Osborne

Greater Hume Shire Council

Cr William (Bill) Pickering

City of Ryde Council

Cr Lindsay Renwick

Deniliquin Council

Cr Ben Shields

Dubbo City Council

Cr Fergus Thomson

Eurobodalla Shire Council

Cr Darriea Turley

Broken Hill City Council

Cr Maria Woods

Walcha Council

**Senior Executive Group*

BOARD SUBCOMMITTEES

Fit for the Future and the Local Government Act Review

Cr Keith Rhoades AFSM

Cr Paul Hawker

Cr Phyllis Miller OAM

Cr Khal Asfour

Cr Darriea Turley

Local Government Funding and Federation Reform

Cr Paul Braybrooks OAM

Cr Scott Lloyd

Cr Greg Matthews

Cr Fergus Thomson

Cr Jodie Harrison

Workforce Development and Industrial Relations

Cr Bruce Miller

Cr Maria Woods

Cr George Griess

Cr Leo Kelly OAM

Cr Ben Shields

Human and Cultural Services Framework

Cr Denise Osborne

Cr Chris Manchester

Cr Julie Hegarty

Cr Lindsay Renwick

Planning and Environment

Cr Lesley Furneaux-Cook

Cr Michael Hawatt

Cr Zoe Baker

Cr Con Hindi

Cr Bill Pickering

BOARD MEETING ATTENDANCE 2014/15

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Keith Rhoades AFSM	✓	✓	✓	✓	✓	✓	N/A	✓	N/A	✓	N/A	✓
Bruce Miller	✓	✓	✓	✓	✓	✓	N/A	✓	N/A	✓	N/A	✓
Con Hindi	✓	✓	✓	✓	✓	✓	N/A	✓	N/A	✓	N/A	X
Paul Braybrooks OAM	✓	✓	✓	✓	X	✓	N/A	✓	N/A	✓	N/A	✓
Khal Asfour	✓	✓	✓	X	✓	X	N/A	✓	N/A	✓	N/A	✓
Zoe Baker	✓	✓	✓	✓	✓	✓	N/A	✓	N/A	X	N/A	✓
Emanuel Tsardoulis*/ Lesley Furneaux-Cook	✓	X	*	*	✓	✓	N/A	✓	N/A	✓	N/A	✓
George Greiss	✓	✓	✓	✓	✓	✓	N/A	✓	N/A	✓	N/A	✓
Paul Hawker	✓	✓	x	✓	✓	✓	N/A	✓	N/A	✓	N/A	✓
Michael Hawatt	✓	✓	✓	✓	✓	✓	N/A	✓	N/A	✓	N/A	x
Julie Hegarty	x	✓	✓	✓	✓	✓	N/A	✓	N/A	✓	N/A	✓
Leo Kelly OAM	✓	✓	✓	✓	✓	✓	N/A	✓	N/A	✓	N/A	✓
Scott Lloyd	✓	✓	✓	✓	✓	✓	N/A	✓	N/A	✓	N/A	✓
Bill Pickering	✓	✓	✓	✓	✓	✓	N/A	✓	N/A	✓	N/A	✓
Jodie Harrison	✓	✓	✓	✓	✓	x	N/A	x	N/A	✓	N/A	✓
Chris Manchester	✓	✓	✓	✓	✓	✓	N/A	✓	N/A	✓	N/A	✓
Greg Matthews	✓	✓	✓	✓	✓	✓	N/A	✓	N/A	✓	N/A	✓
Phyllis Miller OAM	✓	✓	✓	✓	✓	✓	N/A	✓	N/A	✓	N/A	✓
Denise Osborne	✓	✓	✓	✓	✓	✓	N/A	✓	N/A	✓	N/A	✓
Lindsay Renwick	✓	✓	✓	✓	✓	✓	N/A	✓	N/A	✓	N/A	✓
Ben Shields	✓	✓	✓	✓	✓	✓	N/A	x	N/A	✓	N/A	✓
Fergus Thomson OAM**	x	✓	✓	x	✓	✓	N/A	AL	N/A	AL	N/A	AL
Darriea Turley	✓	✓	✓	✓	x	✓	N/A	✓	N/A	✓	N/A	x
Maria Woods	✓	✓	✓	x	✓	✓	N/A	✓	N/A	✓	N/A	✓

* Cr Emanuel Tsardoulis (deceased) was replaced on the Board Nov 2014 by Cr Lesley Furneaux-Cook.

** Cr Fergus Thomson was on approved leave for three board meetings due to serious illness.

NB: Board working committee meetings were held in March and May and are held bi-monthly.

EMPLOYEE PROFILE

The following data relates to LGNSW's full-time equivalent employee (FTE) composition as at 30 June 2015. (It does not include Local Government Procurement Pty Ltd, a subsidiary of LGNSW which employed 24.1 FTE staff at the end of the financial year.)

		MALE	FEMALE	TOTAL
Core funded				
Casual		1	0.8	1.8
Contract		2	2	4
Permanent	Full-time	13	18	31
	Part-time	0	3.4	3.4
Temporary	Full-time	0	2	2
	Part-time	0	0.8	0.8
Grant funded				
	Full-time	0	3	3
	Part-time	0.6	0.8	1.4
Total		16.6	30.8	47.4

SENIOR MANAGEMENT TEAM

The following individuals held principal positions during 2014/15.

NAME	POSITION	PERIOD IN POSITION
Donna Rygate	Chief Executive	25 August 2014 – present
Bill Gillooly	Chief Executive	5 January 2004 – 4 September 2014
Noel Baum	Director Policy	2 April 2010 – present
Lillian Tiddy	Director Workplace Solutions	7 July 2008 – present
Peter Coulton	Director Corporate Services	10 February 2003 – 16 September 2014

OPERATING REPORT

The Board presents its operating report for the Local Government and Shires Association of NSW (LGNSW) for the year ended 30 June 2015.

Principal Activities

During the year LGNSW continued its principal activities representing the interests of members across all levels of government. This included:

- Representing, lobbying on behalf of and providing advice to local government on major issues including:
 - The NSW Government's Fit for the Future (FFTF) program.
 - Issues relating to local government finances such as the freeze on Financial Assistance Grant indexation.
 - Issues relating to local natural and built environments and environment sustainability.
 - Members' pursuit of social justice through submissions and other input on federal and NSW Government funding for ageing and disability positions, the Commonwealth Home Support program and National Aboriginal Constitutional recognition.
 - Ageing and disability, asbestos, waste, sustainable choice project and building resilience to climate change.
- Providing industrial representation and advocacy services to members

LGNSW is a registered employer organisation in both the NSW and federal industrial jurisdictions. As the main registered employer in the industry, LGNSW undertakes ongoing representation of local government employers' interests through lobbying other spheres of government, making submissions, appearing before courts and tribunals and in the negotiation and making of awards affecting councils and their employees.

LGNSW provides a high volume of phone and written advice on employment and industrial issues and represents councils in industrial disputes and anti-discrimination matters.

- Providing training and development services to members

LGNSW provided public and in house training, webinars, eLearning modules, seminar, and executive/manager coaching services to councils. In 2015, it coordinated the LG HR Conference, LG Law Seminar and PA/EA Conference.

LGNSW has also built a comprehensive development program to assist councillors to understand their role and enhance their skills. Workshops are delivered in metropolitan and large regional centres. Courses include the Executive Certificate for Elected Members, Popularly Elected Mayor and Mayoral Weekend Seminars.

A series of Fit for the Future Boot Camps was also arranged to assist councils with their FFTF templates.

LGNSW also arranges governance training for LGNSW Board members to comply with FWA's requirements.

- Providing professional and cost effective services including:
 - Executive recruitment
 - Performance management
 - Organisation reviews
 - HR benchmarking
 - Annual remuneration survey.
- Providing high level legal policy advice to mayors and general managers on a wide range of issues affecting local government including:
 - Council meetings and procedural issues
 - Administration of LGNSW's Legal Assistance Scheme for councils
 - Local Government Act and regulations
 - Codes of conduct
 - Freedom of information
 - Ombudsman issues
 - Privacy.

SIGNIFICANT CHANGES IN FINANCIAL AFFAIRS

Financially there has been no significant change in the Association's 2014/15 operating result of \$516,189 compared to the prior period (\$488,703).

The year produced revenue of \$13,696,840 compared to the prior period of \$13,385,521. Conversely total expenditure of \$13,180,651 compares to \$12,896,818 in the prior period. Net assets increased by 1.7% for the period.

RIGHTS OF MEMBER TO RESIGN

Under s. 174, a member of an organisation may resign from membership by written notice addressed and delivered to the Chief Executive.

No members resigned during the period.

Officers and employers who are superannuation fund trustees or director of a company that is a superannuation fund trustee

Local Government Super - Cr Bruce Miller (Director), Donna Rygate (Trustee).

BOARD MEMBERS

The Board at 30 June 2015 comprised 24 members, with all representatives being from local government areas (see p. 8 for a full list).

All members served for the full financial year except Cr Lesley Furneaux-Cook who served from 16 October 2014 and Emanuel Tsardoulis who served from 1 July to 16 August 2014.

BOARD REMUNERATION

Top five earning officers in 2014/15:

Cr Keith Rhoades

LGNSW Board	\$163,991.07
External boards	\$97,323.75
Total	\$261,314.82

Cr Bruce Miller

LGNSW Board	\$19,025.65
External boards	\$162,459.08
Total	\$181,484.73

Cr Paul Braybrooks

LGNSW Board	\$13,452.10
External boards	\$65,716.66
Total	\$79,168.76

Cr Leo Kelly

LGNSW Board	\$4,360.34
External boards	\$52,314.65
Total	\$56,674.99

Cr Greg Matthews

LGNSW Board	\$12,273.90
External boards	\$0
Total	\$12,273.90

No disclosures were received in relation to material personal interests held.

LGNSW did not make any payments to related parties of the organisation or to a declared person or body of the organisation.

NUMBER OF RECORDED MEMBERS

Our members at 30 June 2015 included 152 councils, 12 special-purpose councils, the NSW Aboriginal Land Council, and the Lord Howe Island Board.

NUMBER OF EMPLOYEES

At 30 June 2015 LGNSW had, as measured on a full-time equivalent basis, 47.4 employees.

GRANTS AND DONATIONS

LGNSW administered the following grants exceeding \$1000 in 2014/15.

Roadside Vegetation Implementation Project Grant

Purpose: Roadside vegetation restoration and weed control (final instalments paid to delayed projects from previous program)

Funding provided by: NSW Environmental Trust

Ballina Shire Council	\$7,720
Hawkesbury City Council	\$6,698
Port Stephens Council	\$16,233

Creative Ageing Grant

Purpose: Encouraging participation of older people in creative activities

Funding provided by: Department of Family and Community Services: Ageing, Disability and Homecare

Tenterfield Shire Council	\$4,000
Great Lakes Council	\$3,750
Cootamundra Shire Council	\$4,000
Wollondilly Shire Council	\$4,000
Willoughby City Council	\$4,000
Ballina Shire Council	\$4,000
Snowy River Shire Council	\$3,000
Wollongong City Council	\$4,000
Armidale Dumaresq Council	\$3,500
Ashfield Municipal Council	\$4,000
Rockdale City Council	\$7,000
Wingecarribee Shire Council	\$4,000
Griffith City Council	\$6,000
Shellharbour City Council	\$4,000
Lane Cove Municipal Council	\$4,000
Coonamble Shire Council	\$4,000
Inverell Shire Council	\$3,920
Port Macquarie – Hastings Council	\$4,000
Oberon Council	\$2,000
Penrith City Council	\$4,000
North Sydney Council	\$3,000
Wagga Wagga City Council	\$3,830
Wyong Shire Council	\$4,000
Byron Shire Council	\$4,000
Campbelltown City Council	\$4,000

Liveable Communities Grant

Purpose: Encouraging living in communities for the elderly and people with disabilities

Funding provided by: Department of Family and Community Services: Aging, Disability and Homecare

Junee Shire Council	\$67,500
Port Macquarie – Hastings Council	\$44,200
Kiama City Council	\$50,000
Canada Bay City Council	\$47,302
Lake Macquarie City Council	\$35,000
Goulburn Mulwaree Council	\$90,000
Coonamble Shire Council	\$31,800
Hawkesbury City Council	\$39,553
Parramatta City Council	\$21,745
Murray Shire Council	\$38,925
Guyra Shire Council	\$15,000
Kogarah City Council	\$25,000
Byron Shire Council	\$20,000
Greater Taree City Council	\$50,000
Warringah Council	\$18,000
Tweed Shire Council	\$25,800
Uralla Shire Council	\$30,000

Building Resilience to Climate Change

Purpose: Adapting to climate change

Funding provided by: Office of Environment and Heritage

Shoalhaven City Council	\$58,182
Albury City Council	\$38,400
Southern Sydney ROC	\$64,000
Penrith City Council	\$53,600
Wollondilly Shire Council	\$62,000
Manly Council	\$64,000

Keith Rhoades
President

12 September 2015

FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LOCAL GOVERNMENT NEW SOUTH WALES

Report on the Financial Report

We have audited the accompanying financial report of the Local Government New South Wales (the Association), which comprises the statements of financial position as at 30 June 2015, the statements of profit and loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and executive's assertion statement.

Executives' Responsibility for the Financial Report

The Executive of the Association is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Industrial Relations Act 1991 and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

CHARTERED ACCOUNTANTS & ADVISORS

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Telephone: +61 2 8263 4000

Parramatta Office
Level 7, 3 Horwood Place
Parramatta NSW 2150
PO Box 19
Parramatta NSW 2124
Telephone: +61 2 8836 1500
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LOCAL GOVERNMENT NEW SOUTH WALES (CONT)

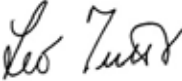
Auditor's Opinion

In our opinion the financial report of the Local Government New South Wales is in accordance with the Industrial Relations Act 1991, as amended, including:

- i. giving a true and fair view of the financial position of the Association as at 30 June 2015 and of its financial performance and its cash flows for the period then ended; and
- ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Industrial Relations Act 1991, as amended.



William Buck
Chartered Accountants
ABN 16 021 300 521



L.E. Tutt
Partner
Sydney, 18 August 2015

In the opinion of the Board the financial report as set out on the following pages:

1. Presents a true and fair view of the financial position of the Association operated by the Local Government New South Wales ('LGNSW') as at 30 June 2015 and its performance for the year ended on that date in accordance with Australian Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Standards Board.
2. The Local Government New South Wales general purpose financial reports have been prepared to meet the requirements of the Industrial Relations Act 1991 and Fair Work (Registered Organisations) Act 2009.
3. Presents a true and fair view of the amalgamated financial position of the activities operated by the Local Government New South Wales as at 30 June 2015 and its performance for the year ended on that date in accordance with Australian Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Standards board.
4. At the date of this statement, there are reasonable grounds to believe that the Local Government New South Wales will be able to pay its debts as and when they fall due.

This statement is made and signed for and on behalf of the Local Government New South Wales by:

Cr Keith Rhoades AFSM

(President)



Dated this 18th Day of August 2015

Notice to Members

Subsections (1) and (2) of section 512 of the Industrial Relations Act 1991, preserved as regulations under section 282(3) Industrial Relations Act 1996, provide that:

- (1) A member of an organisation, or the Industrial Registrar, may apply to the organisation for specified information prescribed by the regulations in relation to the organisation. [Industrial Relations Regulation 1992, clause 60]
- (2) An organisation must, on the making of such an application, make the specified information available to the member or the Industrial Registrar in the manner, and within the time, prescribed by the regulations.

Statements of profit or loss and other comprehensive income for the year ended 30 June 2015

	Note	LGNSW AMALGAMATED		LGNSW ASSOCIATION	
		2015 \$	2014 \$	2015 \$	2014 \$
Revenue					
Revenue	4	17,802,866	16,311,650	13,788,483	13,254,373
Investment income	5	(91,642)	131,148	(91,642)	131,148
Expenses					
Employee benefits expense		(8,799,801)	(8,047,843)	(6,232,172)	(6,130,276)
Council services		(1,349,088)	(1,091,640)	(919,501)	(840,729)
Governance expenses		(611,897)	(776,898)	(611,897)	(776,898)
Administrative expenses		(3,435,243)	(3,387,647)	(2,578,569)	(2,625,977)
Grant funded programs		(1,865,497)	(1,410,805)	(1,865,497)	(1,410,805)
Conference expenses		(1,023,031)	(1,073,842)	(951,728)	(1,030,321)
Other expenses		(110,478)	(165,420)	(21,288)	(81,812)
Profit before income tax expense		516,189	488,703	516,189	488,703
Income tax expense		-	-	-	-
Profit after income tax expense for the year attributable to the owners of Local Government of New South Wales		516,189	488,703	516,189	488,703
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the year attributable to the owners of Local Government of New South Wales		516,189	488,703	516,189	488,703

Statements of financial position as at 30 June 2015

	Note	LGNSW AMALGAMATED		LGNSW ASSOCIATION	
		2015 \$	2014 \$	2015 \$	2014 \$
Assets					
Current assets					
Cash and cash equivalents	6	783,204	1,216,055	480,547	996,608
Trade and other receivables	7	8,313,937	7,372,617	7,464,408	6,813,366
Financial Assets	8	7,555,748	5,218,521	7,555,784	5,218,557
Prepayments	9	438,962	697,032	337,268	660,056
Total current assets		17,091,851	14,504,225	15,838,007	13,688,587
Non-current assets					
Financial Assets	10	19,830,701	21,257,675	19,830,701	21,257,675
Property, plant and equipment	11	6,533,478	6,809,294	6,338,456	6,646,731
Intangible assets	12	46,683	134,063	5,230	97,077
Total non-current assets		26,410,862	28,201,032	26,174,387	28,001,483
Total assets		43,502,713	42,705,257	42,012,394	41,690,070
Liabilities					
Current liabilities					
Trade and other payables	13	2,716,538	2,321,039	1,542,021	1,589,644
Short term provisions	14	647,797	632,802	529,347	539,922
Other financial liabilities	15	8,256,478	8,294,385	8,256,478	8,294,385
Total current liabilities		11,620,813	11,248,226	10,327,846	10,423,951
Non-current liabilities					
Other long term provisions	16	1,222,810	1,314,130	1,024,340	1,122,100
Total non-current liabilities		1,222,810	1,314,130	1,024,340	1,122,100
Total liabilities		12,843,623	12,562,356	11,352,186	11,546,051
Net assets		30,659,090	30,142,901	30,660,208	30,144,019
Equity					
Settled sum		20	20	-	-
Retained earnings		30,659,070	30,142,881	30,660,208	30,144,019
Total equity		30,659,090	30,142,901	30,660,208	30,144,019

Statements of changes in equity

	Settled Sum (\$)	Retained Earnings (\$)	Total Equity (\$)
LGNSW AMALGAMATED			
Balance at 1 July 2013	20	29,654,178	29,654,198
Profit after income tax expense for the year	-	488,703	488,703
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	488,703	488,703
Balance at 30 June 2014	20	30,142,881	30,142,901

	Settled Sum (\$)	Retained Profits (\$)	Total Equity (\$)
LGNSW AMALGAMATED			
Balance at 1 July 2014	20	30,142,881	30,142,901
Profit after income tax expense for the year	-	516,189	516,189
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	516,189	516,189
Balance at 30 June 2015	20	30,659,070	30,659,090

	Retained Profits (\$)	Total Equity (\$)
LGNSW ASSOCIATION		
Balance at 1 July 2013	29,655,316	29,655,316
Profit after income tax expense for the year	488,703	488,703
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	488,703	488,703
Balance at 30 June 2014	30,144,019	30,144,019

	Retained profits(\$)	Total equity(\$)
LGNSW ASSOCIATION		
Balance at 1 July 2014	30,144,019	30,144,019
Profit after income tax expense for the year	516,189	516,189
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	516,189	516,189
Balance at 30 June 2015	30,660,208	30,660,208

Statements of cash flows

Note	LGNSW AMALGAMATED		LGNSW ASSOCIATION	
	2015 \$	2014 \$	2015 \$	2014 \$
Cash flows from operating activities				
Receipts from customers	15,717,927	16,620,073	11,742,863	12,746,900
Payments to suppliers and employees	(16,319,138)	(15,994,520)	(12,905,634)	(12,945,687)
Interest received	881,910	875,716	1,061,411	936,080
Net cash from/(used in) operating activities	280,699	1,501,269	(101,360)	737,293
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	94,491	104,210	103,570	66,360
Net movements in investments	(728,209)	(847,983)	(1,092,297)	(847,983)
Purchase of property, plant and equipment	(162,701)	(220,409)	(45,674)	(83,252)
Net cash used in investing activities	(796,419)	(964,182)	(1,034,401)	(864,875)
Cash flows from financing activities				
Net movement in loan with related parties	-	-	536,831	687,992
Net movement in government grants	82,869	(261,278)	82,869	(261,779)
Net cash from/(used in) financing activities	82,869	(261,278)	619,700	426,213
Net increase/(decrease) in cash and cash equivalents	(432,851)	275,809	(516,061)	298,631
Cash and cash equivalents at the beginning of the financial year	1,216,055	940,246	996,608	697,977
Cash and cash equivalents at the end of the financial year	783,204	1,216,055	480,547	996,608

Notes to the financial statements 30 June 2015

Note 1. Statement by the Board

The financial statements cover both Local Government of New South Wales as an individual entity and the Association consisting of Local Government of New South Wales and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Local Government of New South Wales's functional and presentation currency.

The financial statements were authorised for issue on 18 August 2015.

Note 2. Significant accounting policies

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Association.

The following Accounting Standards and Interpretations are most relevant to the Association:

AASB 10 Consolidated Financial Statements

The Association has applied AASB 10 from 1 January 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The Association not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

AASB 12 Disclosure of Interests in Other Entities

The Association has applied AASB 12 from 1 January 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'.

General Information

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board ('AASB') and the Associations Incorporations Act 1996, the Industrial Relations Act 1991 and Fair Work (Registered Organisations) Act 2009 to show information in relation to the operations carried out by Local Government New South Wales.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to

which they apply. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

Basis of preparation

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Association's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Principles of Amalgamation

Amalgamated Entities

The following is the list of amalgamated entities. All amalgamated entities have a 30 June financial year end.

Association

By agreement dated 5 September 1994, and amended by agreement dated 26 July 2002, the Local Government Association of New South Wales ("LGA") and the Shires Association of New South Wales ("SA") (collectively referred to as "LGSA") established an unincorporated joint venture (the "Secretariat") to be a joint operating fund. As from 1 March 2013 a new constitution came into effect, amalgamating the Local Government Association of NSW "LGA NSW" and the Shires Association of NSW "SA NSW" into a single organisation, namely the Local Government and Shires Association of New South Wales (the "Association"), known as Local Government NSW ("LGNSW").

Local Government Procurement Partnership

Local Government Procurement Partnership is a partnership established on 18 November 2005. The partners of Local Government Procurement Partnership are LGP (LGA NSW) Pty Ltd and LGP (SA NSW) Pty Ltd, both companies incorporated and domiciled in Australia. The principal activity of the partnership during the financial year was providing tendering and purchasing services.

Local Government Procurement Partnership Pty Ltd

Local Government Procurement Partnership Pty Ltd is a proprietorship company incorporated and domiciled in Australia. The company was incorporated on 18 November 2005. The company manages the principal activities of Local Government Procurement Partnership.

LGP (LGA NSW) Pty Ltd

LGP (LGA NSW) Pty Ltd is a proprietorship company incorporated and domiciled in Australia. The company was

incorporated on 18 November 2005. The company acts solely as trustee of the LGP (LGA NSW) Trust.

LGP (SA NSW) Pty Ltd

LGP (SA NSW) Pty Ltd is a proprietorship company incorporated and domiciled in Australia. The company was incorporated on 18 November 2005. The company acts solely as trustee of the LGP (SA NSW) Trust.

LGP (LGA NSW) Trust

LGP (LGA NSW) Trust was formed on 8 December 2005. The beneficiary of the Trust is the Association as defined above.

LGP (SA NSW) Trust

LGP (SA NSW) Trust was formed on 8 December 2005. The beneficiary of the Trust is the Association as defined above. All inter-company balances and transactions including any unrealised profits or losses, have been eliminated on amalgamation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the Association.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Association and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rendering of services

Revenue from the rendering of services is recognised upon the delivery of the service to customers.

All revenue is stated net of the amount of goods and services tax (GST).

Income tax

As the Association is an employer association in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Investments and other financial assets

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Held-to-maturity investments

Held-to-maturity investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the Association has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Held-to-maturity investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The Association assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Property, plant and equipment

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair

value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	2.5%
Furniture, Fixtures and Fittings	10%
Motor Vehicles	18.75%
Office Equipment	20%
Computer Equipment	33%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Association. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Website & Software Development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably. Significant costs associated with the development of the revenue generating aspects of the website, including the capacity of placing orders, are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Employee Benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Recognition of Grants and Other Contributions

Grants and other contributions are recognised as revenue when they have been expended for the purpose for which they were given. Any unexpended amounts are shown as liabilities.

Investment - StateCover Mutual Limited

LGNSW has facilitated the establishment and management of pooled Workers Compensation Insurance for its members, by way of a limited public company.

As part of this, the LGNSW has provided \$3.0 million (in return for shares) to ensure that prudent financial reserve ratios required by APRA could be met. A fee is paid to the LGNSW for this facilitation, governance and other services. The shares do not entitle the LGNSW to any share of profits or distributions.

Members of the scheme are fully responsible under the terms of insurance (and the company's constitution) to ensure that the company's prudential solvency requirements are met by way of Capital Shortfall calls and thereby maintain the level of the LGNSW's share capital.

Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Association for the annual reporting period ended 30 June 2015. The Association's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Association, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Association will adopt this standard from 1 January 2018.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied.

Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied.

Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Association will adopt this standard from 1 January 2017 but the impact of its adoption is yet to be assessed by the Association.

The Association has not yet assessed the impact of these standards.

Note 3 Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical

collection rates and specific knowledge of the individual debtors financial position.

Fair value measurement hierarchy

The Association is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The Association determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The Association tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Association assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Association and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Employee benefits provision

As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of

attrition rates and pay increases through promotion and inflation have been taken into account.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

		LGNSW AMALGAMATED		LGNSW ASSOCIATION	
		2015	2014	2015	2014
		\$	\$	\$	\$
Note 4. Revenue	Commissions received	6,385,883	5,359,689	1,630,501	1,593,811
	Council services	1,863,244	1,809,068	1,863,244	1,809,068
	Conferences and seminars	1,489,383	1,492,119	1,396,003	1,425,639
	Subscriptions	5,152,465	5,026,139	5,152,465	5,026,139
	Interest received	1,032,786	1,005,220	1,061,411	1,065,488
	Grant income	1,889,162	1,469,916	1,889,162	1,469,916
	Cost contribution income	-	-	799,754	724,868
	Other revenue	(10,057)	149,499	(4,057)	139,444
		<u>17,802,866</u>	<u>16,311,650</u>	<u>13,788,483</u>	<u>13,254,373</u>
	Interest revenue from:				
	Deposits with financial institutions	1,032,786	1,005,220	1,030,243	1,003,480
	Local Government Procurement Partnership			31,168	62,008
		<u>1,032,786</u>	<u>1,005,220</u>	<u>1,061,411</u>	<u>1,065,488</u>
Note 5. Investment income	Dividends - Equities	90,402	-	90,402	-
	Available for sale - Unrealised loss	(60,045)	-	(60,045)	-
	Held to maturity - Unrealised (losses) / gains	(121,999)	131,148	(121,999)	131,148
		<u>(91,642)</u>	<u>131,148</u>	<u>(91,642)</u>	<u>131,148</u>
	Administrative expenses				
	Depreciation and amortisation	429,593	618,958	344,082	547,312
	Other expenses				
	(Gain)/loss on disposal of non-current assets	1,823	9,072	(1,856)	(2,890)
	Remuneration of auditor - auditing or reviewing the financial report	27,810	27,000	20,600	20,000
		<u>29,633</u>	<u>36,072</u>	<u>18,744</u>	<u>17,110</u>
Note 6. Current assets - cash and cash equivalents	Cash on hand	1,056	1,056	1,000	1,000
	Cash at bank	703,611	1,163,862	479,547	995,608
	Cash on deposit	78,537	51,137	-	-
		<u>783,204</u>	<u>1,216,055</u>	<u>480,547</u>	<u>996,608</u>
Note 7. Current assets - trade and other receivables	Trade receivables	8,222,690	7,232,405	6,455,223	6,041,139
	Provision for doubtful debts	(45,000)	(40,000)	-	-
	Loans to other related parties	-	-	872,938	592,015
	Interest and other receivable	136,247	180,212	136,247	180,212
		<u>8,313,937</u>	<u>7,372,617</u>	<u>7,464,408</u>	<u>6,813,366</u>
	LGNSW does not have significant concentration of credit risk with respect to any single counterparty. Please refer to Note 19 for details of LGNSW's management of credit risk				
Note 8. Current assets - financial assets	Term deposits				
	Term deposit - Commonwealth Bank of Australia	2,822,769	2,671,646	2,822,769	2,671,646
	Held to maturity investments				
	Mutual investment - Bank of Queensland	102,430	346,895	102,430	346,895
	Mutual investment - Bank of Melbourne	-	199,980	-	199,980
	Mutual investment - National Bank of Australia	-	2,000,000	-	2,000,000
		<u>102,430</u>	<u>2,546,875</u>	<u>102,430</u>	<u>2,546,875</u>
	Available for sale investments				
	Investment - Mutual Equities	4,630,549	-	4,630,549	-
	Investment in LGP Trust companies	-	-	36	36
		<u>4,630,549</u>	<u>-</u>	<u>4,630,585</u>	<u>36</u>
		<u>7,555,748</u>	<u>5,218,521</u>	<u>7,555,784</u>	<u>5,218,557</u>

		LGNSW AMALGAMATED		LGNSW ASSOCIATION	
		2015	2014	2015	2014
		\$	\$	\$	\$
Note 9. Current assets - prepayments	Prepayments	377,763	522,375	276,069	485,399
	Premium on investments	61,199	174,657	61,199	174,657
		<u>438,962</u>	<u>697,032</u>	<u>337,268</u>	<u>660,056</u>
Note 10. Non-current assets - financial assets	Held to maturity investments				
	Mutual investment - Bank of Queensland	3,303,229	5,301,339	3,303,229	5,301,339
	Mutual investment - Bank of Melbourne	2,000,000	2,000,000	2,000,000	2,000,000
	Mutual investment - National Australia Bank	2,463,150	3,019,549	2,463,150	3,019,549
	Mutual investment - ANZ Bank	1,988,175	2,913,611	1,988,175	2,913,611
	Mutual investment - Bendigo Bank	2,996,434	2,998,115	2,996,434	2,998,115
	Mutual investment - Westpac Bank	2,003,380	2,025,061	2,003,380	2,025,061
	Mutual investment - Commonwealth Bank of Australia	2,076,333	-	2,076,333	-
		<u>16,830,701</u>	<u>18,257,675</u>	<u>16,830,701</u>	<u>18,257,675</u>
	Available for sale investments				
	Shares in StateCover Mutual Limited	3,000,000	3,000,000	3,000,000	3,000,000
		<u>19,830,701</u>	<u>21,257,675</u>	<u>19,830,701</u>	<u>21,257,675</u>
Note 11. Non-current assets - property, plant and equipment	Land and buildings - at independent valuation	6,651,707	6,651,707	6,651,707	6,651,707
	Less: Accumulated depreciation	(437,534)	(306,072)	(437,534)	(306,072)
		<u>6,214,173</u>	<u>6,345,635</u>	<u>6,214,173</u>	<u>6,345,635</u>
	Leasehold improvements - at cost	107,038	107,038	107,038	107,038
	Less: Accumulated depreciation	(94,976)	(73,568)	(94,976)	(73,568)
		<u>12,062</u>	<u>33,470</u>	<u>12,062</u>	<u>33,470</u>
	Fixtures and fittings - at cost	599,455	607,281	596,677	604,595
	Less: Accumulated depreciation	(578,501)	(552,606)	(575,723)	(550,502)
		<u>20,954</u>	<u>54,675</u>	<u>20,954</u>	<u>54,093</u>
	Motor vehicles - at cost	208,423	279,671	34,723	127,449
	Less: Accumulated depreciation	(36,801)	(55,628)	(6,368)	(23,696)
		<u>171,622</u>	<u>224,043</u>	<u>28,355</u>	<u>103,753</u>
	Office equipment - at cost	1,005,533	997,059	862,180	893,123
	Less: Accumulated depreciation	(894,766)	(849,488)	(803,168)	(787,243)
		<u>110,767</u>	<u>147,571</u>	<u>59,012</u>	<u>105,880</u>
	Paintings and artworks	3,900	3,900	3,900	3,900
		<u>6,533,478</u>	<u>6,809,294</u>	<u>6,338,456</u>	<u>6,646,731</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Land & Buildings	Furniture, Fixtures & Fittings*	Motor Vehicles	Office Equipment	Leasehold Improvements	Total
LGNSW AMALGAMATED	\$	\$	\$	\$	\$	\$
Balance at 1 July 2013	6,477,098	119,457	277,570	165,507	54,878	7,094,510
Additions	-	-	122,626	68,715	-	191,341
Disposals	-	-	(112,324)	(958)	-	(113,282)
Depreciation expense	(131,463)	(60,882)	(63,829)	(85,693)	(21,408)	(363,275)
Balance at 30 June 2014	6,345,635	58,575	224,043	147,571	33,470	6,809,294
Additions	-	-	111,147	50,431	-	161,578
Disposals	-	(636)	(124,042)	(2,146)	-	(126,824)
Depreciation expense	(131,462)	(33,085)	(39,526)	(85,089)	(21,408)	(310,570)
Balance at 30 June 2015	<u>6,214,173</u>	<u>24,854</u>	<u>171,622</u>	<u>110,767</u>	<u>12,062</u>	<u>6,533,478</u>

*Furniture and fixtures for the purposes of reconciliation includes the paintings and artworks balance.

	Land & Buildings	Furniture, Fixtures & Fittings*	Motor Vehicles	Office Equipment	Leasehold Improvements	Total
LGNSW ASSOCIATION	\$	\$	\$	\$	\$	\$
Balance at 1 July 2013	6,477,098	118,606	153,779	140,377	54,878	6,944,738
Additions	-	-	40,528	42,724	-	83,252
Disposals	-	-	(62,512)	(958)	-	(63,470)
Depreciation expense	(131,463)	(60,613)	(28,042)	(76,263)	(21,408)	(317,789)
Balance at 30 June 2014	6,345,635	57,993	103,753	105,880	33,470	6,646,731
Additions	-	-	33,363	10,949	-	44,312
Disposals	-	(727)	(97,480)	(2,146)	-	(100,353)
Depreciation expense	(131,462)	(32,412)	(11,281)	(55,671)	(21,408)	(252,234)
Balance at 30 June 2015	6,214,173	24,854	28,355	59,012	12,062	6,338,456

*Furniture and fixtures for the purposes of reconciliation includes the paintings and artworks balance.

Note 12. Non-current assets – intangible assets

	LGNSW AMALGAMATED		LGNSW ASSOCIATION	
	2015	2014	2015	2014
	\$	\$	\$	\$
Website and software development - at cost	476,753	877,990	307,129	740,404
Less: Accumulated amortisation	(430,070)	(743,927)	(301,899)	(643,327)
	46,683	134,063	5,230	97,077

Note 13. Current liabilities - trade and other payables

	LGNSW AMALGAMATED		LGNSW ASSOCIATION	
	2015	2014	2015	2014
	\$	\$	\$	\$
Trade payables	540,367	450,261	143,774	266,695
Sundry payables and accrued expenses	1,511,050	1,205,677	783,083	702,641
GST payable	665,121	665,101	615,164	620,308
	2,716,538	2,321,039	1,542,021	1,589,644

Refer to note 17 for further information on financial instruments.

Note 14. Current liabilities - short term provisions

	LGNSW AMALGAMATED		LGNSW ASSOCIATION	
	2015	2014	2015	2014
	\$	\$	\$	\$
Employee benefits	647,797	632,802	529,347	539,922

Note 15. Current liabilities - other financial liabilities

	LGNSW AMALGAMATED		LGNSW ASSOCIATION	
	2015	2014	2015	2014
	\$	\$	\$	\$
Scholarship funds held	565,505	554,264	565,505	554,264
Legal assistance funds held	-	20,774	-	20,774
Unspent government grants	2,058,784	1,966,382	2,058,784	1,966,382
Other deferred income	5,632,189	5,752,965	5,632,189	5,752,965
	8,256,478	8,294,385	8,256,478	8,294,385

Note 16. Non-current liabilities - other long term provisions

	LGNSW AMALGAMATED		LGNSW ASSOCIATION	
	2015	2014	2015	2014
	\$	\$	\$	\$
Employee benefits	1,222,810	1,314,130	1,024,340	1,122,100

Note 17. Financial instruments

Financial risk management policies

Managing the financial risk exposures of the Local Government NSW ("LGNSW") is the responsibility of the Board committee ("Board"). The Board monitors LGNSW's financial risk management policies and exposures and approves financial transactions within the scope of its authority.

It also reviews the effectiveness of internal controls relating to counterparty credit risk, liquidity risk and interest rate risk.

The Board's overall risk management strategy seeks to assist LGNSW in meeting its financial targets, while minimising potential adverse effects on financial performance.

Market risk

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting year whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The financial instruments which primarily expose the LGNSW to interest rate risk are term deposits and cash and cash equivalents.

	2015		2014	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
LGNSW AMALGAMATED				
Cash and cash equivalents	2.50%	783,204	3.00%	1,216,055
Receivables	-%	8,375,136	-%	7,547,274
Investments	5.00%	27,386,449	5.00%	26,476,196
Net exposure to cash flow interest rate risk		36,544,789		35,239,525

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the LGNSW.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

Depending on the division within the LGNSW, credit terms are generally 30 days from the invoice date. Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the Board has otherwise assessed as being financially sound.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting year excluding the value of any collateral or other security held, is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed in Note 7.

Credit risk related to balances with banks and other financial institutions is managed by the Board in accordance with approved board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA consist exclusively of term deposits products.

Liquidity risk

Liquidity risk arises from the possibility that the LGNSW might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Association manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operational, investing and financing activities;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

LGNSW maintains a very strong cash investment position at all times and does not consider liquidity risk to be significant. Financial assets pledged as collateral.

No financial assets have been pledged as security for debt and their realisation into cash may be restricted subject to terms and conditions attached to the relevant debt contracts

Fair values

Fair value estimation

The fair values of financial assets and financial liabilities can be compared to their carrying amounts as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Association. Most of these instruments, which are carried at amortised cost (ie term receivables, held-to-maturity assets, loan liabilities), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the Association.

Note 18. Board remuneration

	LGNSW AMALGAMATED		LGNSW ASSOCIATION	
	2015	2014	2015	2014
	\$	\$	\$	\$
President of Local Government NSW				
President Remuneration	169,466	181,565	163,991	174,737

Boards: Local Government New South Wales and Local Government Procurement Pty Ltd.
Reimbursement of expenses incurred by Board members in attending Board Council and Committee meetings is payable in accordance with the policy determined by the Board.

Note 19. Reconciliation of profit after income tax to net cash from/(used in) operating activities

	LGNSW AMALGAMATED		LGNSW ASSOCIATION	
	2015	2014	2015	2014
	\$	\$	\$	\$
Profit after income tax expense for the year	516,189	488,703	516,189	488,703
Adjustments for:				
Depreciation and amortisation	429,593	618,957	344,082	547,312
Net (gain) / loss on disposal of property, plant and equipment	1,823	9,072	(1,856)	(2,890)
Capital (gain) / loss on floating rate note investments	(182,044)	(131,148)	182,044	(131,148)
Cost contribution income	-	-	(799,754)	(724,868)
Change in operating assets and liabilities:				
(Increase) / decrease in trade and other receivables	(827,872)	(238,765)	(274,661)	42,047
Decrease/ (increase) in prepayments	144,414	(25,532)	209,330	(21,141)
Movement in trade payables and accruals	395,697	604,463	(47,623)	401,377
Increase in deferred income	(120,776)	132,268	(120,776)	132,268
Increase in provisions	(76,325)	43,251	(108,335)	5,633
Net cash from/(used in) operating activities	280,699	1,501,269	(101,360)	737,293

Note 20. Association's Details

The principal place of business is: Level 8 28 Margaret Street Sydney NSW 2000

Note 21. Events after the reporting period

No matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect the Association's operations, the results of those operations, or the Association's state of affairs in future financial years.

In line with LGNSW's commitment to responsible environmental practice, this report is printed by an ISO 14001 accredited environmentally responsible printer on FSC® Mix paper from responsibly managed forests, controlled and recycled sources.

